



March 2017

# CONTRACTING DATA ANALYSIS

## Assessment of Government-wide Trends

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# GAO Highlights

Highlights of [GAO-17-244SP](#), a report to congressional addressees

## Why GAO Did This Study

Federal agencies obligated over \$430 billion through contracts for products and services in fiscal year 2015, accounting for almost 40 percent of the government's discretionary spending. Because spending on contracts consumes a large portion of the federal government's discretionary budget, Congress and the administration have taken steps to strengthen federal contracting practices and enhance oversight of government contract spending.

This report identifies overall trends in defense and civilian agencies' contract obligations from fiscal years 2011 through 2015 (the most recent and complete available at the time of GAO's review), such as trends in competition and use of various contract types. This report includes snapshots of procurement activity at the 10 civilian agencies with the highest levels of obligations in fiscal year 2015 as well as the 3 military departments. All data are presented in constant fiscal year 2015 dollars. GAO analyzed data from the Federal Procurement Data System-Next Generation (FPDS-NG), the government's procurement database, and reviewed prior GAO and Inspector General reports.

## What GAO Recommends

GAO is not making any new recommendations in this report. In recent years GAO has issued numerous reports with recommendations to defense and civilian agencies to address issues related to competition, contract type, and contracted services. Agencies generally concurred with these recommendations and have taken or planned actions to address them.

View [GAO-17-244SP](#). For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

March 2017

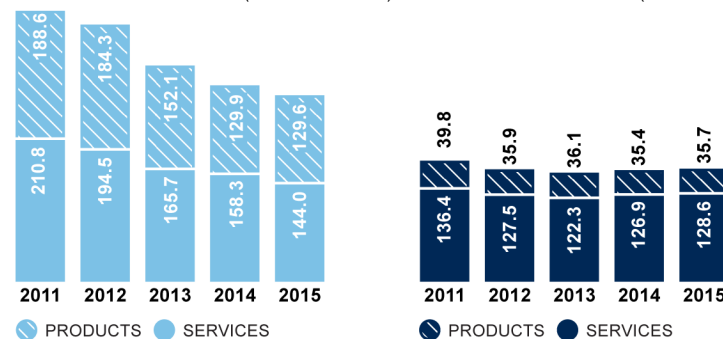
## CONTRACTING DATA ANALYSIS

### Assessment of Government-wide Trends

## What GAO Found

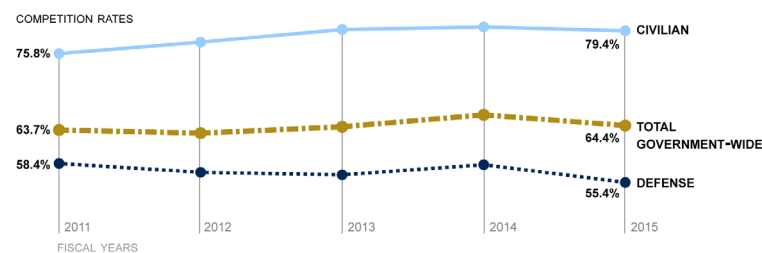
GAO's analysis of government-wide contracting data found that while defense obligations to buy products and services decreased by almost 31 percent from fiscal year 2011 through 2015, from \$399 billion to \$274 billion, civilian obligations remained fairly steady over this time.

**DEFENSE OBLIGATIONS** (in billions dollars)      **CIVILIAN OBLIGATIONS** (in billions dollars)



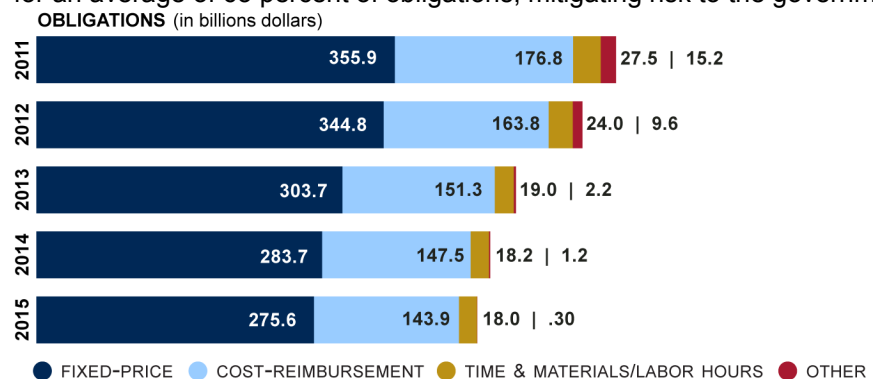
Source: GAO analysis of Federal Procurement Data System – Next Generation. | GAO-17-244

Government-wide competition rates—the percentage of total obligations reported for competitive contracts—remained steady at just below two-thirds over fiscal years 2011 through 2015.



Source: GAO analysis of Federal Procurement Data System – Next Generation. | GAO-17-244

From fiscal year 2011 through 2015, federal agencies used fixed price contracts for an average of 63 percent of obligations, mitigating risk to the government.



Source: GAO analysis of Federal Procurement Data System – Next Generation. | GAO-17-244

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## Abbreviations

Air Force	Department of the Air Force
Army	Department of the Army
BPA	Blanket Purchase Agreements
DHS	Department of Homeland Security
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOT	Department of Transportation
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
FSS	Federal Supply Schedule
GSA	General Services Administration
GWAC	Government-wide Acquisition Contract
HHS	Department of Health and Human Services
HUBZone	Historically Underutilized Business Zone
IDIQ	Indefinite Delivery Indefinite Quantity contracts
IDV	indefinite delivery vehicles
IT	information technology
NASA	National Aeronautics and Space Administration
Navy	Department of the Navy
NDAA	National Defense Authorization Act
NNSA	National Nuclear Security Administration
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
SBA	Small Business Administration
State	Department of State
T&M/LH	time and materials / labor hour contracts
Treasury	Department of the Treasury
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
VA	Department of Veteran's Affairs

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March 9, 2017

Congressional Addressees

In fiscal year 2015, federal agencies obligated over \$430 billion through contracts for goods and services, accounting for almost 40 percent of the government's discretionary spending.<sup>1</sup> Because spending on contracts for goods and services consumes such a large portion of the federal government's discretionary budget, and is often critical to the achievement of agency missions, Congress and the administration have taken steps to strengthen federal contracting practices and enhance oversight of acquisition spending. For example, in 2014, the Office of Federal Procurement Policy (OFPP) within the Office of Management and Budget (OMB) announced an effort to simplify federal procurement through several government-wide initiatives, such as managing government spending by categories (e.g., information technology) to curb duplication and increase savings. Also, every year Congress passes acquisition reform legislation through the National Defense Authorization Act (NDAA); most recently, the fiscal year 2017 NDAA included reforms focusing on accountability and improving the acquisition workforce.<sup>2</sup>

Prior GAO reports have identified a variety of acquisition-related issues and challenges that agencies face, including the use of inefficient contracting approaches, ways to leverage buying power and achieve savings, and opportunities to increase competition and small business participation. Contract and acquisition management at three large agencies—the Departments of Defense (DOD) and Energy (DOE) and the National Aeronautics and Space Administration (NASA) have been on GAO's High Risk List for over 20 years, and, in 2015, we added government-wide information technology (IT) acquisitions to the list.

This review is part of our ongoing efforts to support congressional oversight of federal contract spending and was performed under the authority of the Comptroller General. This report addresses defense and civilian agency trends in contracting, specifically (1) the kinds of products

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<sup>1</sup>According to the Office of Management and Budget (OMB), the fiscal year 2015 federal budget included more than \$1.1 trillion in discretionary budget authority, which is set through annual appropriations acts and is used to fund a variety of federal programs and activities including the acquisition of products and services.

<sup>2</sup>National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328 (2016).

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and services acquired; (2) the rate of competition; (3) the use of various procurement methods and contract types; and (4) the categories of vendors providing products and services. Our analysis covers the 5-year period from fiscal years 2011 through 2015, the most recent and complete data available at the time of our review. In addition, we developed snapshots of procurement activity for the 10 civilian agencies with the highest obligations on contracts during fiscal year 2015—and the three military departments—the Air Force, Army, and Navy.

To identify trends in defense and civilian agencies' contract spending, we analyzed obligation data from the archive files of the Federal Procurement Data System-Next Generation (FPDS-NG)—the government's procurement database—for fiscal years 2011 through 2015.<sup>3</sup> We assessed the reliability of FPDS-NG data by (1) performing electronic testing of selected data elements, and (2) reviewing existing information about the FPDS-NG system and the data it produces. We determined that the FPDS-NG data were sufficiently reliable for our purposes. Unless otherwise noted, all data in the report are reflected in constant fiscal year 2015 dollars. A more detailed description of our objectives, scope, and methodology is presented in appendix I.

We conducted this performance audit from March 2016 to March 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

The federal government is a large and complex organization comprised of 18 cabinet-level departments and nearly 100 other independent agencies. The government spends more than \$3.5 trillion annually and employs over 4 million full- and part-time workers. Each year, federal agencies procure a variety of products and services in support of their respective missions and activities. Agencies acquire products and services through contracts that specify the government's requirements, the price and

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<sup>3</sup>An obligation is a definite commitment that creates a legal liability of the government for the payment of products and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States.



payment arrangements agreed upon by the government and the vendor, and other terms and conditions. There are several different contract types, which allocate the risk of cost overruns to the government or the contractor. Table 1 describes three broad categories of contract types.

Table 1: Government and Contractor Responsibilities, and Risk for Key Contract Types		
Government responsibilities	Contractor responsibilities	Party bearing risk of cost overrun
<b>Fixed price</b>		
Pays fixed price even if actual total cost of product or service falls short of or exceeds the contract price. May also pay an award or incentive fee related to performance.	Provides an acceptable deliverable at the time, place, and price specified in the contract.	Contractor
<b>Cost-reimbursement</b>		
Pays contractor's allowable costs incurred, to the extent prescribed by the contract. Also may pay a fee, which may be related to performance. Contracts include an estimated total cost for purposes of obligating funds and a ceiling that the contractor exceeds at its own risk (unless approved by the contracting officer). Government is not guaranteed a completed end item or service within the estimated cost.	Makes good faith effort to meet government's needs within the estimated cost.	Government
<b>Time-and-materials/labor hour</b>		
Pays fixed per-hour labor rates that include wages, overhead, general administrative costs, and profit as well as the actual cost of materials; government might reimburse contractor for other direct costs, such as travel and materials costs. In a labor hour contract materials are not supplied by the contractor. Contracts include a ceiling price that the contractor exceeds at its own risk. Government is not guaranteed a completed end item or service within the ceiling price.	Makes good faith effort to meet government's needs within the ceiling price.	Government

Source: GAO analysis of Federal Acquisition Regulation. | GAO-17-244SP.

Federal statutes and acquisition regulations generally require that federal agencies award contracts through full and open competition. Competition, a fundamental element of a sound acquisition system, promotes the efficient use of taxpayer resources and establishes accountability for results by helping to drive down prices and motivate better contractor performance. However, the Federal Acquisition Regulation (FAR) also recognizes that full and open competition is not always feasible, and authorizes contracting without full and open competition under certain conditions. Situations for which the FAR provides exceptions include<sup>4</sup>

<sup>4</sup>The Competition in Contracting Act of 1984 (CICA), Pub. L. No. 98-369, established seven exceptions to competition, which are often referred to as CICA exceptions. Subpart 6.3 of the FAR implements the CICA exceptions.

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- only one responsible source and no other supplies or services will satisfy agency requirements;
  - unusual and compelling urgency; and
  - authorized or required by statute (for example, statutorily allowed sole source awards to small businesses).

Agencies may also limit participation on a solicitation for products or services to only small businesses. This practice is linked to the federal government's long-standing policy of maximizing procurement opportunities for small businesses. To promote small business participation in federal procurement, Congress has set an annual government-wide goal of awarding not less than 23 percent of prime contract dollars to small businesses. Every year, the Small Business Administration (SBA) negotiates with federal agencies to establish individual agency goals that, in the aggregate, constitute the government-wide goal. Congress also established statutory goals for various socioeconomic categories of small businesses, such as women-owned and service-disabled veteran-owned.<sup>5</sup>

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## Federal Obligations on Contracts from Fiscal Years 2011 through 2015 Have Declined and Are Largely for Service Contracts

### Key observations

- While overall contract obligations decreased over the 5-year period, the decrease occurred primarily at the Department of Defense. Defense contract obligations in fiscal year 2015 for products and services decreased by almost 31 percent from fiscal year 2011 levels.
- About 60 percent of government-wide contract obligations are for services, with civilian agencies obligating 80 percent of their contract dollars for services.
- Federal agencies consistently obligated about \$50 billion annually for contracted services that the Office of Federal Procurement Policy and our prior work have identified as needing increased management attention, such as professional and management support services.

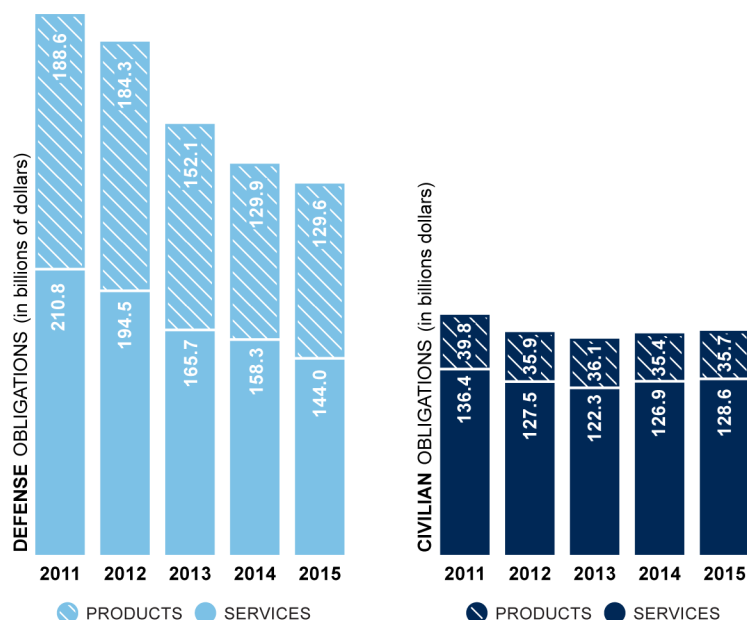
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<sup>5</sup>The current goals are: 5 percent of prime and subcontract dollars awarded to women-owned small businesses; 5 percent to small disadvantaged businesses; 3 percent to service-disabled veteran-owned businesses; and 3 percent to small businesses in Historically Underutilized Business Zones (HUBZone).

## Defense Obligations Decreased More Significantly Than Civilian Obligations from Fiscal Year 2011 through 2015

Our analysis of government-wide contracting data found that in fiscal year 2015, federal agencies procured approximately \$438 billion in products and services; nearly a 24 percent decrease from fiscal year 2011 levels. Defense obligations decreased by almost 31 percent from fiscal year 2011 through 2015, while civilian obligations decreased by less than 7 percent over that same period, as demonstrated in figure 1.

**Figure 1: Defense and Civilian Agency Obligations on Contracts, Fiscal Years 2011-2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

The largest decrease in obligations for both defense and civilian agencies occurred around the time of sequestration in fiscal year 2013. While defense obligations continued to decrease, civilian obligations increased to just under fiscal year 2011 levels. We have previously reported that the percentage of the reduction in nondefense appropriations due to sequestration was smaller than the percent reduction in defense appropriations.<sup>6</sup> Further, 26 percent of DOD's fiscal year 2013

<sup>6</sup>GAO, 2013 Sequestration: Agencies Reduced Some Services and Investments, While Taking Certain Actions to Mitigate Effects, [GAO-14-244](#) (Washington, D.C.: Mar. 6, 2014).

sequestration reductions came from its procurement accounts. The military departments also awarded fewer contracts for planned military construction projects.<sup>7</sup>

Majority of Federal Contract Obligations Are for Services

Obligations for service contracts represent about 60 percent of total government-wide contract obligations over the 5-year period we reviewed, with the remainder going to products.<sup>8</sup> Across the defense agencies, a little over 50 percent of contract obligations were for contracted services, while civilian agencies obligated nearly 80 percent for services over the 5-year period.

The top five services at defense and civilian agencies accounted for about 51 and 60 percent respectively of total obligations on services in fiscal year 2015. These services ranged from professional and management support to IT services, as shown in figure 2.

Figure 2: Top Services Procured at Defense and Civilian Agencies, Fiscal Year 2015

Defense agencies	PERCENTAGE OF TOTAL DEFENSE OBLIGATIONS ON SERVICES	Civilian agencies	PERCENTAGE OF TOTAL CIVILIAN OBLIGATIONS ON SERVICES
Professional support services	16.9% <div></div>	Professional support services	18.5% <div></div>
Maintenance, repair, rebuilding of equipment	10.3% <div></div>	Information technology and telecommunications	16.0% <div></div>
Defense systems research & development (R&D)	8.7% <div></div>	Operation of structures and facilities	14.9% <div></div>
Information technology and telecommunications	7.8% <div></div>	Space R&D	5.5% <div></div>
Construction of structures and facilities	7.4% <div></div>	Management support services	5.5% <div></div>

Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

<sup>7</sup>GAO, *Sequestration: Documenting and Assessing Lessons Learned Would Assist DOD in Planning for Future Budget Uncertainty*, [GAO-15-470](#) (Washington, D.C.: May 27, 2015)

<sup>8</sup>A single contract or task order may include more than one product and/or service. The product service code selected in FPDS-NG represents the predominant product or service being purchased.

**Civilian agencies that obligated more than \$10 billion each for service contracts in fiscal year 2015**

- Department of Energy
- Department of Health and Human Services
- National Aeronautics and Space Administration
- Department of Homeland Security
- Department of Veteran's Affairs

Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-17-244SP

The Air Force and Army—the largest users of service contracts at DOD—obligated over 60 percent of their total fiscal year 2015 contract obligations on service contracts. Both military departments' top contracted services were professional and management support services, such as engineering and technical support. Ten civilian agencies obligated more than 90 percent of their fiscal year 2015 contract spending on services. Two of these agencies—DOE and NASA—largely contracted for services related to their research and development efforts, including operation of facilities and applied research.

Federal agencies obligated about 40 percent of total contract obligations from fiscal year 2011 through 2015 for products. Defense agencies obligated just under half of all contract obligations for products, and civilian agencies obligated about 20 percent of all obligations. DOD's significant investment in major weapons program accounts for a large percentage of the products purchased.<sup>9</sup> The types of products procured at defense and civilian agencies varied in fiscal year 2015, as shown in figure 3.

**Figure 3: Top Products Procured at Defense and Civilian Agencies, Fiscal Year 2015**

Defense agencies	PERCENTAGE OF TOTAL DEFENSE OBLIGATIONS ON PRODUCTS	Civilian agencies	PERCENTAGE OF TOTAL CIVILIAN OBLIGATIONS ON PRODUCTS
Aerospace craft and structural components	23.6%	Medical, dental, veterinary equipment and supplies	38.8%
Guided missiles	9.2%	Information technology equipment (including firmware) software, supplies and equipment	15.8%
Ships, small craft, pontoon, and floating docks	8.7%	Subsistence	7.7%
Communication, detection and coherent radiation equipment	7.6%	Ores, minerals and their primary products	6.9%
Fuels, lubricants, oils and waxes	6.6%	Ground effect vehicles, motor vehicles, trailers, and cycles	3.8%

Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

<sup>9</sup>GAO, *Defense Acquisitions: Assessments of Selected Weapon Programs*, [GAO-16-329SP](#), (Washington, D.C.: March 31, 2016).

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**Civilian agencies that obligated more than \$3 billion on products in fiscal year 2015**

- Department of Veteran's Affairs
- Department of Health and Human Services
- Department of the Treasury
- U.S. Department of Agriculture
- Department of Homeland Security

Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-17-244SP

At DOD, the Defense Logistics Agency obligated nearly all of its fiscal year 2015 contract dollars—\$28.3 billion out of \$30.2 billion—for products, such as liquid propellants and fuels. Three civilian agencies—the Department of the Treasury (Treasury), U.S. Department of Agriculture (USDA), and Department of Veteran's Affairs (VA)—obligated about half of their fiscal year 2015 contract obligations on products. Treasury obligated nearly 65 percent of its obligations on products for precious metals, while VA obligated over 60 percent for drugs and biologicals.

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## Defense and Civilian Agencies Continue to Rely on Contracted Services That Need Increased Management Attention

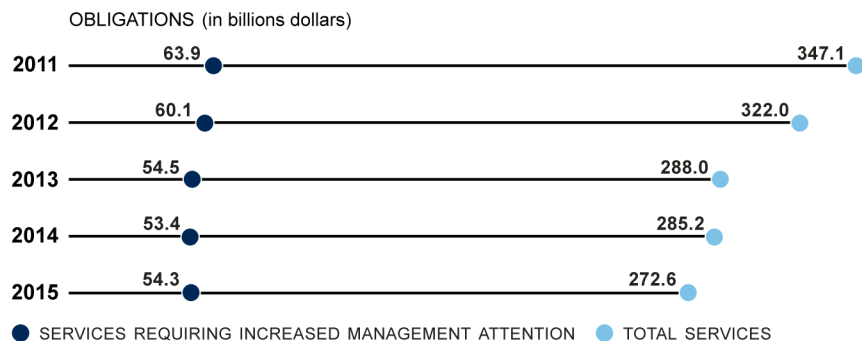
While there are benefits to using contractors to provide services, such as addressing surge capacity needs, the Office of Federal Procurement Policy (OFPP) and our prior work have identified risks of over-reliance on contractors and the need for increased management attention on certain types of services, such as professional and management support services.<sup>10</sup> For example, contractors performing these types of services are at a heightened risk of performing inherently governmental work.<sup>11</sup> While government-wide obligations for all services decreased from fiscal year 2011 through 2015, DOD and civilian agencies consistently obligated over \$50 billion of total contract obligations annually on management support and other services requiring increased management attention, as shown in figure 4.

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<sup>10</sup>Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP), Memorandum for Chief Acquisition Officers and Senior Procurement Executives, *Service Contract Inventories*, November 5, 2010; and OMB, OFPP Memorandum for Chief Financial Officers, Chief Acquisition Officers, and Senior Procurement Executives, *Reduced Contract Spending for Management Support Services*, November 7, 2011. GAO, *Managing Service Contracts: Recent Efforts to Address Associated Risks Can Be Further Enhanced*, [GAO-12-87](#) (Washington, D.C.: Dec. 7, 2011); and *Civilian Service Contract Inventories: Opportunities Exist to Improve Agency Reporting and Review Efforts*, [GAO-12-1007](#) (Washington, D.C.: Sept. 27, 2012).

<sup>11</sup>Inherently governmental function means, as a matter of policy, a function that is so intimately related to the public interest as to mandate performance by government employees and includes functions that require the exercise of discretion in applying government authority, or making value judgments in making decisions for the government. Section 7.503(c) of the FAR provides examples of such functions. Contracts shall not be used for the performance of inherently governmental functions. FAR § 7.503(a). See also, FAR § 2.101.

**Figure 4: Government-wide Obligations for Services Requiring Increased Management Attention and All Other Services, Fiscal Years 2011-2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

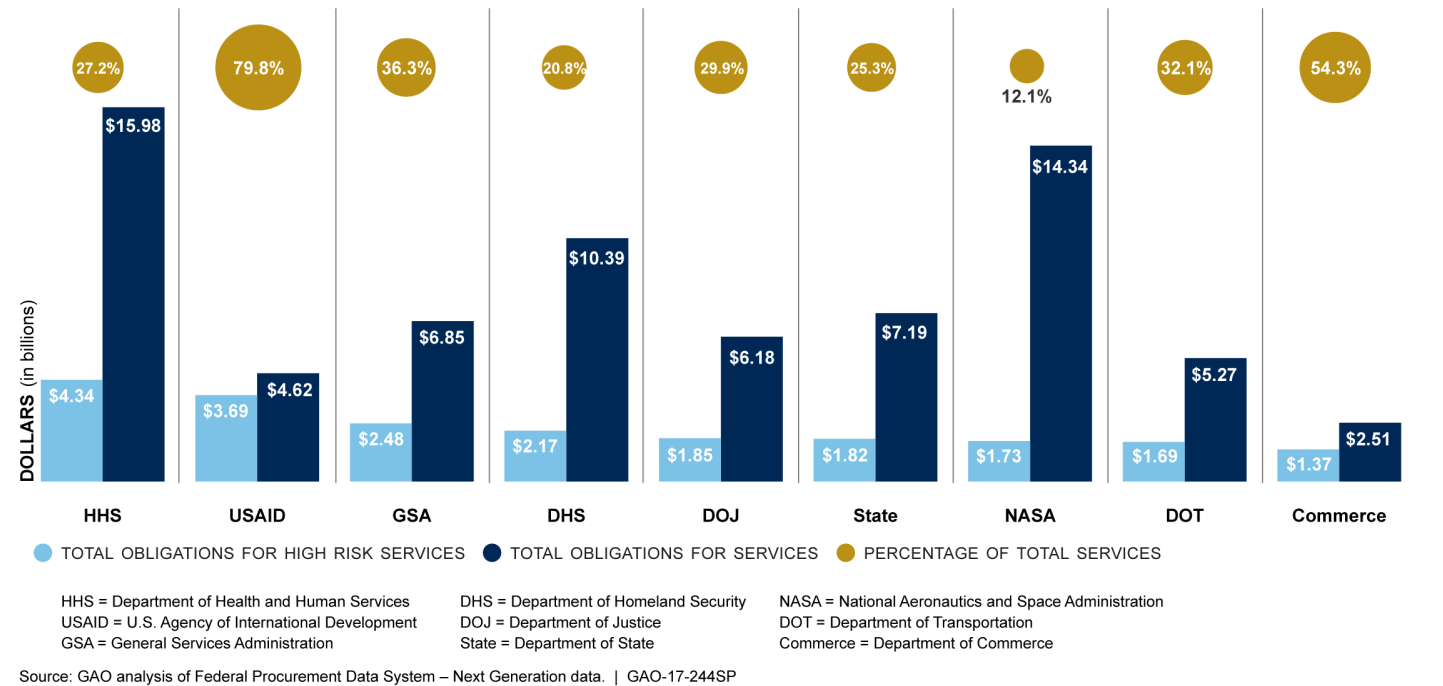
The National Defense Authorization Act for Fiscal Year 2012, as amended, set limits on DOD’s total obligations for contracted services in fiscal years 2012 through 2015.<sup>12</sup> Further, the Act instructed the Secretary of Defense to issue guidance to require a reduction in funding in those fiscal years for contracts that have contractors performing services that are closely associated with inherently governmental functions or staff augmentation functions—some of the same types of services that OFPP and GAO have identified as needing increased management. While DOD’s obligations on these types of services decreased over the 5-year period, its share of total service obligations increased from 16.9 percent to 19 percent from fiscal year 2011 through 2015. This demonstrates that DOD’s reliance on services that require additional oversight has not decreased in relation to all other services. Further, the Air Force increased obligations on these services from \$7.3 billion in fiscal year 2011 (or 17.4 percent of all fiscal year 2011 obligations for services) to \$7.9 billion in fiscal year 2015 (22.7 percent of all fiscal year 2015 obligations for services).

Civilian agency obligations for these types of services in fiscal year 2015 decreased by about 5 percent from fiscal year 2011 levels, but the share of total services that these selected services represent remained steady

<sup>12</sup>Pub. L. No. 112-81, § 808 (2011), as amended by National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, § 802 (2013) and Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. § 813 (2014).

at about 21 percent. In fiscal year 2015 nine civilian agencies obligated more than \$1 billion each for services requiring increased management attention (see figure 5).

**Figure 5: Civilian Agencies with Highest Obligations on Categories of Services Requiring Increased Management Attention as a Percentage of Total Service Obligations, Fiscal Year 2015**



# Government-wide Competition Rate Consistent at about Two-Thirds of Products and Services Procured

Key observations

- From fiscal year 2011 through 2015, the government-wide competition rate remained relatively steady at just below two-thirds of total contract obligations, with civilian agencies competing nearly 80 percent of contract obligations during that time.
- In fiscal year 2015, 14 percent of competed obligations were on contracts for which agencies received only one offer in response to the solicitation—a condition that deprives agencies of the ability to consider alternative solutions to meet agency needs.

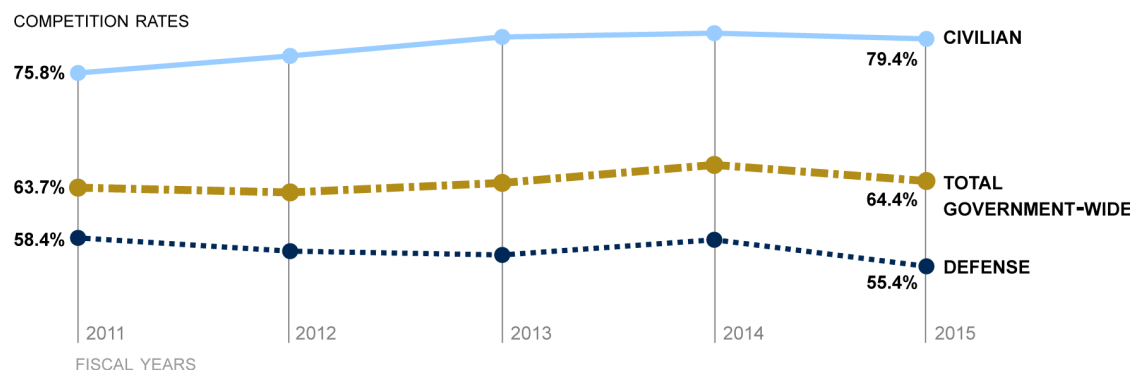
# Government-wide Competition Rate Remained Steady

Our analysis found that the government-wide competition rate—the percentage of total obligations reported under competitive contracts—remained relatively steady at just below two-thirds of all contract obligations from fiscal years 2011 through 2015. OMB categorized noncompetitive contracts as high-risk because, absent competition,



agencies must negotiate contracts without the benefit of a direct market mechanism to help set the contract price.<sup>13</sup> As shown in figure 6, civilian agencies had a significantly higher rate of competition than DOD.

**Figure 6: Government-wide Competition Rates Compared to Civilian and Defense Agencies, Fiscal Years 2011-2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

#### Competition at the Department of Defense

Over the 5-year period we reviewed, DOD's contract obligations for products accounted for almost half of DOD's total contract obligations; its competition rate for products was much lower than it was for services. On average, DOD competed approximately 41 percent of contract obligations for products compared to 72 percent for services. We have previously reported that DOD's competition rates are affected by several factors, such as (1) a reliance on original equipment manufacturers throughout the life-cycle of major programs such as weapons systems, which can involve products as well and support services; and (2) foreign military sales, which are generally noncompetitive.

Source: GAO analysis of Federal Procurement Data System–Next Generation data and [GAO-13-325](#). | GAO-17-244SP

During fiscal years 2011-2015, the competition rate at DOD decreased from about 58 percent to 55 percent. In fiscal year 2015, the Army had the highest competition rate of the three military departments at 59 percent. The Air Force and Navy had competition rates of 39 percent and 44 percent, respectively. DOD's annual competition reports note that competition achievement varies by organization based on the mission and types of products and services being procured. For example, competition rates are lower in organizations that buy major weapon systems particularly as systems move into production when competition is not economically viable. One of the goals of DOD's Better Buying Power initiative—originally launched in 2010 and now in its third iteration—is to promote and enable competition throughout a major program's lifecycle by, for example, encouraging the use of open systems architecture, which allows system components to be modified, replaced, or maintained by multiple suppliers, and effective management of data rights.<sup>14</sup>

<sup>13</sup>OMB, *Memorandum for the Head of Departments and Agencies: Improving Government Acquisition*, M-09-25 (July 29, 2009)

<sup>14</sup>Better Buying Power is an initiative to strengthen DOD's purchasing practices, improve industry productivity, and provide an affordable military capability to the warfighter. According to DOD, it encompasses a set of fundamental acquisition principles to achieve greater efficiencies through affordability, cost control, elimination of unproductive processes and bureaucracy, and promotion of competition.

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**Civilian agencies with the highest competition rates fiscal year 2015**

- Department of Energy (92 percent)
- National Science Foundation (92 percent)
- Department of Education (86 percent)

**Civilian agencies with the lowest competition rates fiscal year 2015**

- Department of Labor (66 percent)
- Department of Housing and Urban Development (64 percent)
- Social Security Administration (58 percent)

Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-17-244SP

Civilian agencies competed about 80 percent of total contract obligations for both products and services in fiscal year 2015, up from roughly 76 percent in fiscal year 2011. Prior GAO work has identified various factors that affect competition, including the government's reliance on contractor expertise, preference for a specific vendor, inadequate acquisition planning, and overly restrictive government requirements.<sup>15</sup>

Competition is a long-standing issue that we have noted for many years. In 2010, we reported that contracting officials expressed concerns that not enough time was allowed to execute a sufficiently robust acquisition planning process, including defining requirements, which may have hindered opportunities for competition.<sup>16</sup> We have also reported on how the government can promote competition and made many recommendations on how to do so.

- In 2013, we found that DOD may be missing opportunities to effectively facilitate competition for products and services previously acquired noncompetitively because justifications for noncompetitive awards provided limited insight into reasons why acquisitions were not competed and did little to describe market research findings or planned actions to overcome obstacles to competition. We recommended that DOD develop guidance to apply lessons learned from past noncompetitive procurements.<sup>17</sup>
- In 2014, we found that contracts awarded using the urgency exception had been extended beyond the statutory 1-year limit without a determination of exceptional circumstances by the agency head. To help ensure that the government is making sound decisions, we recommended that OFPP provide guidance to clarify the process for

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<sup>15</sup>GAO, *Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight*, [GAO-14-304](#) (Washington, D.C.: Mar. 26, 2014); and *Federal Contracting: Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer Is Received*, [GAO-10-833](#) (Washington, D.C.: July 26, 2010).

<sup>16</sup> [GAO-10-833](#).

<sup>17</sup>GAO, *Defense Contracting: Actions Needed to Increase Competition*, [GAO-13-325](#) (Washington, D.C.: Mar. 28, 2013). The FAR requires that contracting officials prepare written justifications for noncompetitive contract awards. DOD issued a memorandum in August 2014 that amended its procedures for completing justification documentation for noncompetitive awards; therefore, this recommendation has been closed as implemented.

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extending noncompetitive contracts awarded on the basis of urgency beyond one year.<sup>18</sup>

We have also included promoting competition in our work looking at cost savings opportunities across the government.<sup>19</sup> Given the extensive and well-established benefits of competition on the federal acquisition system, as we and others have noted, agencies should continue to seek and pursue opportunities to increase competition wherever possible.

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#### Fourteen Percent of Competed Obligations in Fiscal Year 2015 Were on Contracts for Which Agencies Received Only One Offer

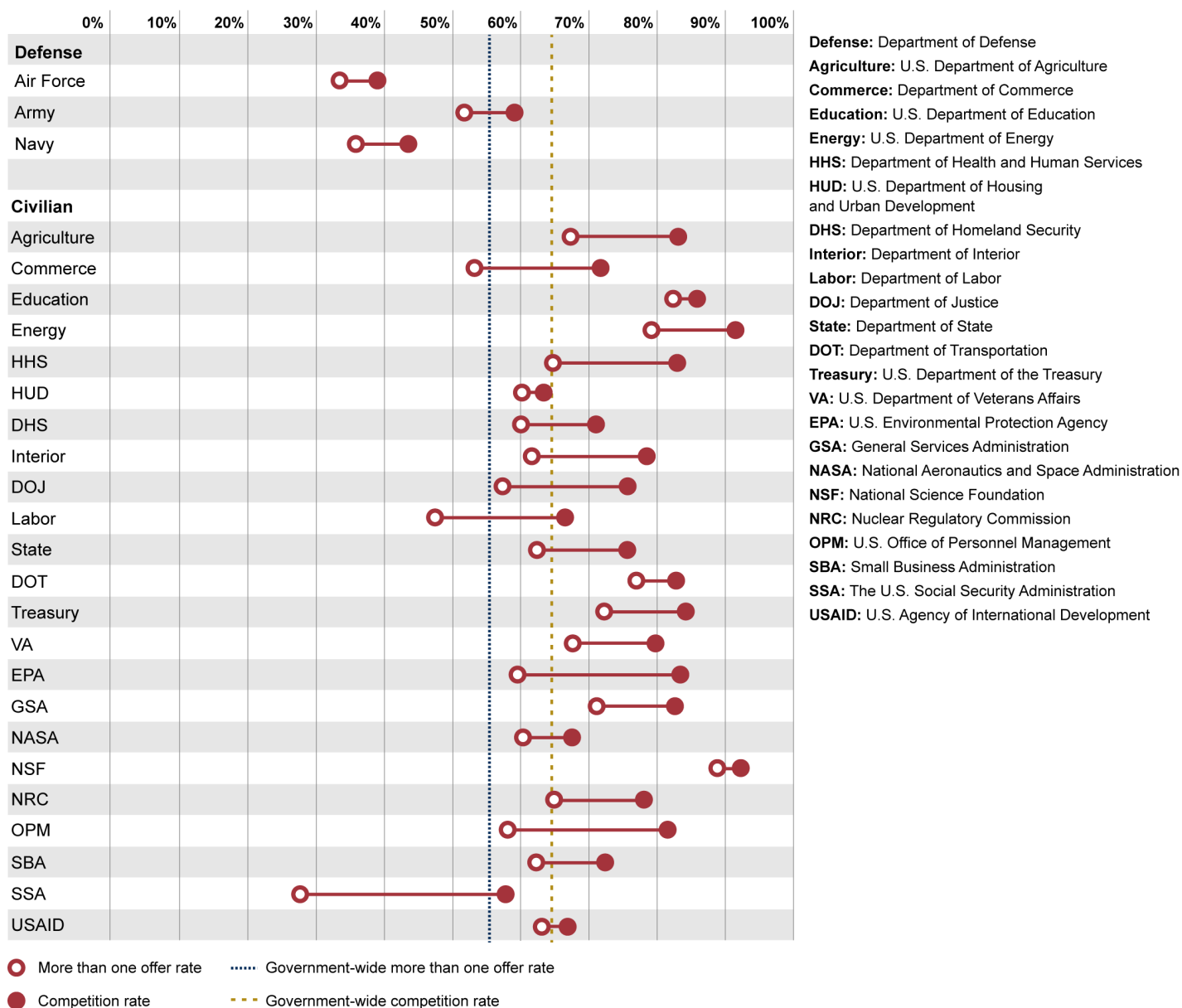
Of the \$282 billion obligated through competed contracts in fiscal year 2015, 14 percent—or \$40 billion—were on contracts awarded competitively where the agency received only one offer in response to the solicitation. DOD defines effective competition as a market condition that exists when more than one offer is received in response to a solicitation issued under competitive procedures and tracks this metric in its annual competition reports. Further, OFPP noted that competitions that yield only one offer in response to a solicitation deprive agencies of the ability to consider alternative solutions in a reasoned and structured manner. Figure 7 shows the difference between agencies' overall competition rate and the effective competition rate as defined by DOD.

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<sup>18</sup>[GAO-14-304](#). In July 2015, the FAR was modified to clarify the process for extending contracts awarded using the urgency exception beyond 1 year; therefore, this recommendation has been closed as implemented. 80 Fed. Reg. 38,308 (July 2, 2015).

<sup>19</sup>GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*. [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011).

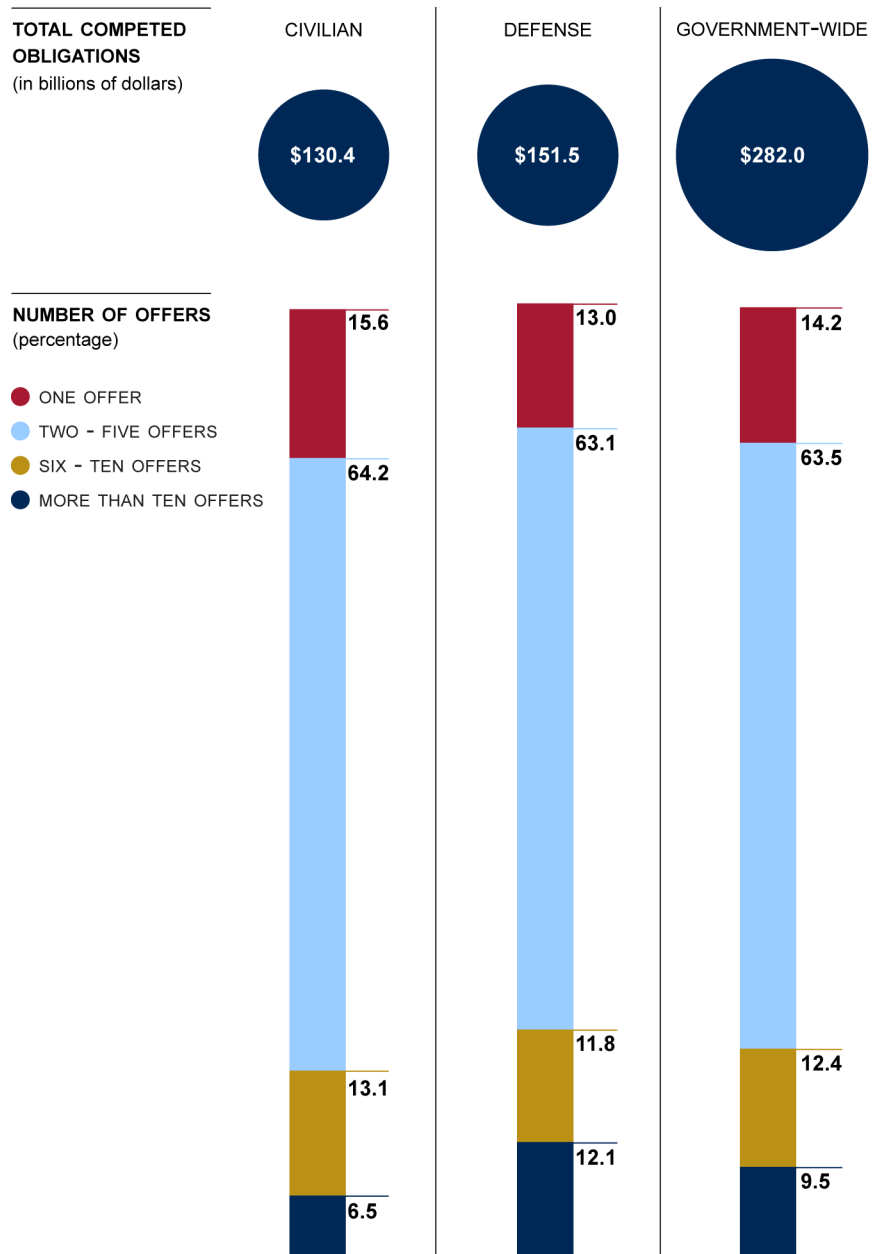
**Figure 7: Fiscal Year 2015 Multiple Offer Rates Compared to Overall Competition Rate By Agency**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

In fiscal year 2015, about 9 percent of all government-wide contract obligations were associated with contracts where the agency received only one offer (see figure 8).

**Figure 8: Percentage of Total Competed Contract Obligations by Number of Offers, Fiscal Year 2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

Note: Less than 1 percent of obligations were coded as receiving no offer in FPDS-NG.

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We have previously made multiple recommendations to enhance and inform efforts to address competitive one-offer awards. Most recently, in 2014, we recommended that DOD establish guidance for when contracting officers should assess and document the reasons only one offer was received on competitive awards.<sup>20</sup> In response, DOD issued a memorandum directing contracting officers to obtain feedback from companies that did not submit an offer on a competitive solicitation after expressing interest during the market research phase. DOD plans to use this feedback to consider how it might overcome barriers to competition for future requirements.<sup>21</sup> Further, in 2010 we recommended that OFPP determine whether the FAR should be amended to require agencies to regularly review and critically evaluate the circumstances leading to one offer being received. We also recommended that OFPP direct agencies to require their competition advocates to actively involve program offices in highlighting opportunities to increase competition. OFPP agreed with our recommendations but, to date, has not taken steps to fully implement them.<sup>22</sup>

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<sup>20</sup>[GAO-14-395](#).

<sup>21</sup>DOD, Office of the Under Secretary for Acquisition, Technology, and Logistics, *Actions to Improve Department of Defense Competition* (Washington, D.C.: Aug. 21, 2014).

<sup>22</sup>[GAO-10-833](#). According to OFPP officials, they have held agency management responsible for continuous improvement in their one-bid rates, which declined from 17 percent in fiscal year 2011 to 14 percent in fiscal year 2015. OFPP officials also told us that they have discussed our recommendation for regulatory change with the FAR Council and our recommendation to strengthen the role of the competition advocate with the Chief Acquisition Officers Council, however to date no action has been taken.

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## Federal Agencies Used a Range of Contract Types, Indefinite Delivery Vehicles, and Procurement Procedures to Acquire Products and Services

### Key observations

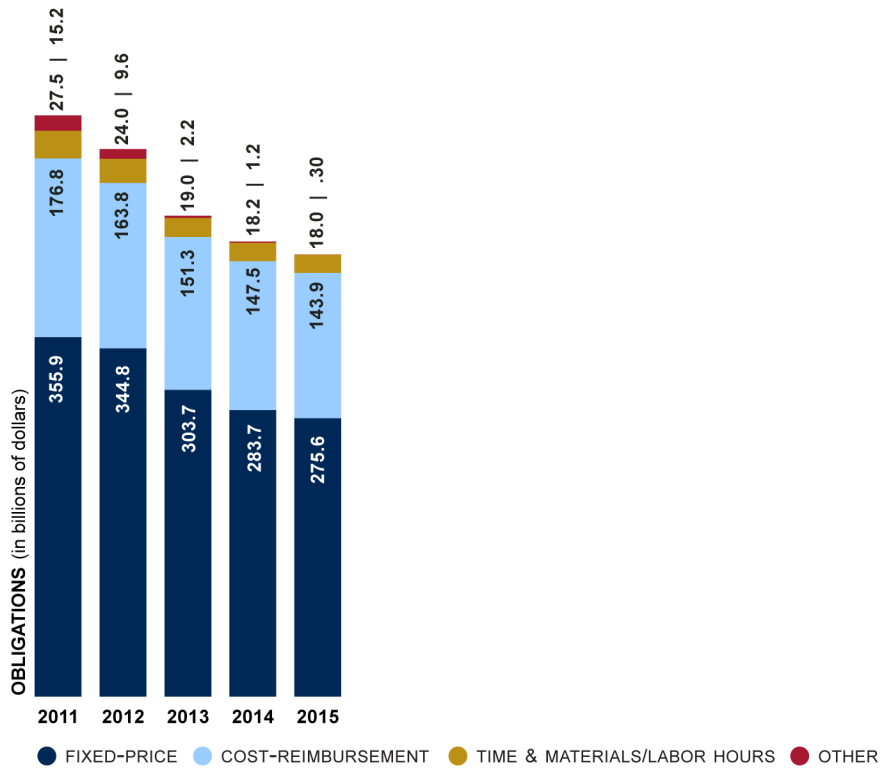
- From fiscal year 2011 through 2015, federal agencies obligated nearly two-thirds of total contract obligations on fixed price contracts. The remaining third was on various kinds of cost type contracts.
- In fiscal year 2015, defense agencies obligated about 14 percent of total obligations on cost-reimbursement, time and materials, or labor-hour contracts awarded noncompetitively. Civilian agencies awarded about 8 percent of total obligations on these kinds of contracts. Over the 5-year period, government-wide spending on these kinds contracts remained between 11 and 12 percent.
- During fiscal year 2011 through fiscal year 2015, roughly half of total contract obligations were awarded on indefinite delivery vehicles (IDV), such as orders under Federal Supply Schedule (FSS) and Government-wide Acquisition (GWAC) Contracts. In fiscal year 2015, DOD and civilian agencies used IDVs for 47 percent and 55 percent of total contract obligations, respectively.
- Agencies used commercial item procedures for 25 percent of total contract obligations for products and services in fiscal year 2015. FPDS-NG does not track the obligations spent on commercial items purchased using other procedures.

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## Nearly Two-Thirds of Government Contract Obligations Are on Fixed Price Contracts

Our analysis of government-wide contracting data found that from fiscal year 2011 through fiscal year 2015, federal agencies used fixed-price contracts for an average of 63 percent of total contract obligations each year. Cost-reimbursement and time and materials / labor hour contracts (T&M/LH) accounted for approximately 37 percent of contract obligations over the 5-year period, see figure 9.

**Figure 9: Government-wide Obligations by Contract Type, Fiscal Years 2011-2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

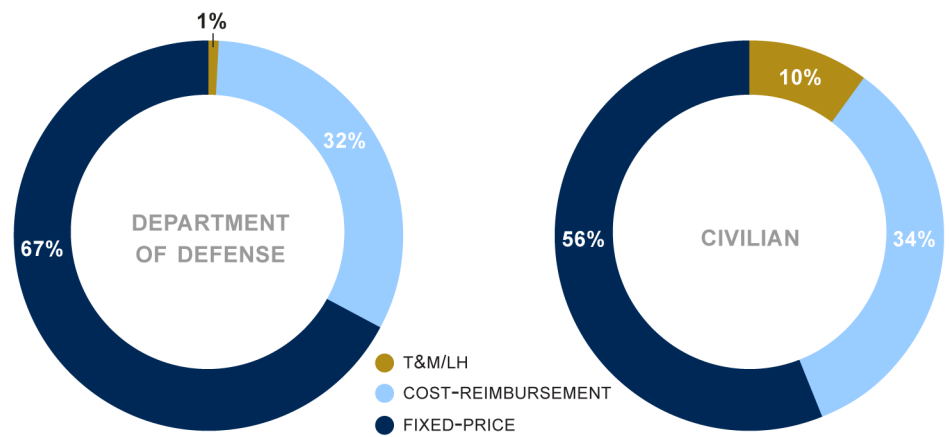
Note: Other includes contract awards where two or more contract types apply.

The FAR states that in the course of an acquisition program a series of contracts, or a single long-term contract, changing circumstances may make a different contract type appropriate in later periods than at the outset. For example, DOD guidance indicates that a cost-reimbursement contract is appropriate for research and development or for a major system prototype, while a fixed price incentive contract is suitable for the production of a major system based on the prototype or the long-term production of spare parts for a major system.<sup>23</sup> In fiscal year 2015, DOD obligated a higher percentage of its total dollars for fixed price contracts than the civilian agencies, as shown in figure 10.

<sup>23</sup>DOD, *Guidance on Using Incentive and Other Contract Types* (Washington, D.C.: 2016)



**Figure 10: Defense and Civilian Obligations by Contract Type, Fiscal Year 2015**



T&M/LH = Time and materials/labor hours

Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

Note: Civilian agencies obligated less than one half of a percent on other contract types.

**Civilian agencies that obligated more than 90 percent of their fiscal year 2015 contract obligations on fixed price contracts**

- Department of Veteran's Affairs
- U.S. Department of Agriculture
- Small Business Administration
- Office of Personnel Management
- Department of Education
- Department of the Treasury

**Civilian agencies that obligated more than 70 percent of their fiscal year 2015 contract obligations on cost reimbursement and time & materials/labor hours contracts, in fiscal year 2015**

- Department of Energy
- National Science Foundation
- U.S. Agency for International Development
- National Aeronautics and Space Administration

Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-17-244SP

OMB considers cost type contracts high risk because they do not directly incentivize contractors to control costs and thus carry significant potential risk of overspending.<sup>24</sup> Further, we previously reported that when using cost-reimbursement or T&M/LH contracts some agencies did not document contract files to show a clear rationale for using them or address why a less risky contract type could not be used. We also found that agencies were generally not conducting analysis to determine the potential to transition to contract types with firmer pricing.<sup>25</sup> In our prior work, we have found that transitioning to appropriate contract types can help agencies achieve savings. For example, procurement officials at DOE's National Nuclear Security Administration (NNSA) reviewed \$1.5 billion in contracting actions to identify risk reduction and contracts that may no longer be needed. Through this program, NNSA reported saving more than \$40 million in fiscal year 2010.<sup>26</sup>

## Use of Cost-Reimbursement and T&M/LH Contracts Awarded Noncompetitively Remained at 11 or 12 Percent of Government Contract Obligations from Fiscal Year 2011 through 2015

Cost-reimbursement and T&M/LH contracts awarded noncompetitively present two dimensions of risk lacking both a direct market mechanism to establish price and a direct incentive to keep costs down. Government-wide obligations on noncompetitive cost reimbursement and T&M/LH contracts represented 11 percent of total contract obligations in fiscal years 2011 through 2013 and 12 percent in fiscal years 2014 and 2015.

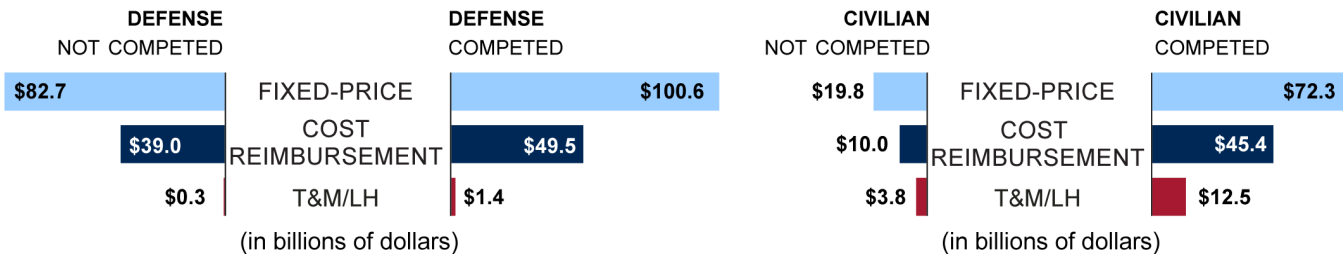
<sup>24</sup>We have previously reported that cost-reimbursement and T&M/LH contracts are appropriate to use when uncertainties in the scope of the work, cost of services, or level of labor effort needed prevent the use of contract types in which prices are fixed. For example, cost-reimbursement contracts can help agencies carry out critical and innovative research where there is uncertainty around the resources needed to achieve the government's objectives. T&M/LH contracts help agencies remain flexible and better respond to unforeseeable or emergency situations.

<sup>25</sup>GAO, *Contract Management: Extent of Federal Spending under Cost-Reimbursement Contracts Unclear and Key Controls Not Always Used*, [GAO-09-921](#) (Washington, D.C.: Sep. 30, 2009); and *Defense Contracting: Improved Insight and Controls Needed over DOD's Time-and-Materials Contracts*, [GAO-07-273](#) (Washington, D.C.: June 29, 2007).

<sup>26</sup>GAO, *Federal Contracting: OMB's Acquisition Savings Initiative Had Results, but Improvements Needed*, [GAO-12-57](#) (Washington, D.C.: Nov. 15, 2011).

DOD obligated over \$39 billion on these types of contracts, while civilian agencies obligated almost \$14 billion in fiscal year 2015; see figure 11.

Figure 11: Defense and Civilian Competed and Noncompeted Obligations by Contract Type, Fiscal Year 2015



T&M/LH = Time and materials/labor hours  
Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

From fiscal year 2011 through fiscal year 2015, seven civilian agencies increased total obligations awarded under noncompetitive cost reimbursement and T&M/LH contracts by over 40 percent. Two military departments—the Navy and Air Force—obligated more than 20 percent on these contracts in fiscal year 2015. Three civilian agencies obligated more than 20 percent on these contracts in fiscal year 2015—the U.S. Agency for International Development, National Aeronautics and Space Administration, and the Department of Labor.

Federal Agencies Used Indefinite Delivery Vehicles for Half of Total Contract Obligations during Fiscal Years 2011 through 2015

In addition to the competition and pricing considerations discussed above, federal agencies also must decide whether to use definitive contracts to acquire fixed quantities of products and services or to use more flexible indefinite delivery vehicles (IDV).<sup>27</sup> Agencies can use IDVs, including the Federal Supply Schedule (FSS) and Government-wide Acquisition Contracts (GWAC), to leverage the government’s aggregate buying power and to more quickly procure commercial products and services through simplified methods.

<sup>27</sup>Contracts or agreements that allow agencies to place orders against them are categorized in FPDS-NG as indefinite delivery vehicles. IDVs include indefinite delivery indefinite quantity contracts (IDIQ), which provide for an indefinite quantity, within stated limits, of supplies or services during a fixed period. GWACs and FSS contracts are examples of IDIQ contracts that can be used by multiple agencies to acquire products or services.

From fiscal year 2011 through 2015, federal agencies used IDVs for approximately half of total contract obligations, with the other half obligated on other contract vehicles—specifically definitive contracts and purchase orders.<sup>28</sup> In fiscal year 2015, DOD and civilian agencies obligated 47 percent and 55 percent, respectively, of total contract obligations on IDVs; see table 2.

**Table 2: Defense and Civilian Obligations by Indefinite Delivery Vehicle (IDV) Type, Fiscal Year 2015**

	Defense		Civilian	
	Obligated amount (in billions of dollars)	Percentage of total contract obligations	Obligated amount (in billions of dollars)	Percentage of total contract obligations
Federal Supply Schedule	4.4	1.6%	13.0	7.9%
Blanket Purchase Agreements <sup>a</sup>	4.9	1.8%	8.6	5.3%
Basic Ordering Agreements <sup>b</sup>	9.8	3.6%	0.9	0.5%
Government-wide Acquisition Contracts	2.4	0.9%	6.9	4.2%
Other Indefinite Delivery Vehicles, such as Indefinite Delivery, Indefinite Quantity (IDIQ) contracts	107.9	39.4%	60.3	36.7%
<b>Total</b>	<b>129.4</b>	<b>47.3%</b>	<b>89.7</b>	<b>54.6%</b>

Source: GAO analysis of FPDS-NG data. | GAO-17-244SP

Note: The type of IDV was missing for a small number of contract obligations—\$0.06 billion for defense agencies and \$0.3 billion for civilian agencies.

<sup>a</sup>A Blanket Purchase Agreement is a simplified method of filling anticipated repetitive needs that functions as a “charge account” with qualified sources of supply. It is not a contract. This category includes obligations on Blanket Purchase Agreements established under General Service Administration schedule contracts.

<sup>b</sup>A Basic Ordering Agreement is a written instrument of understanding with a contractor that contains terms and clauses applying to future contracts between the parties, a description of supplies or services to be provided, and methods for pricing and issuing orders. It is not a contract.

Prior GAO work has found that agencies were not using certain IDVs efficiently or effectively. For example, in 2010, we found that vendors were providing the same types of products and services on many different indefinite delivery vehicles, such as GWACs and other kinds of

<sup>28</sup>FPDS-NG categorizes definitive contracts as contracts with a defined scope of work that do not allow for individual orders to be placed against the contract. Purchase orders are an offer by the government to buy supplies or services generally valued under \$150,000 using simplified acquisition procedures.

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interagency and enterprise-wide contracts.<sup>29</sup> This raised concerns about the duplication among contracting vehicles across the government, which vendors and agency officials said can result in increased procurement costs and an increased workload for the acquisition workforce.<sup>30</sup> We recommended that OFPP ensure that departments and agencies complete a comprehensive business case analysis and include a requirement to address potential duplication with existing contracts, before new interagency and enterprise-wide contracts are established.<sup>31</sup>

We also previously reported that agencies were not maximizing opportunities for competition or pricing under Blanket Purchase Agreements (BPA) and the FSS. In 2009, we found that agencies did not frequently pursue additional opportunities to leverage competition or seek better pricing through discounts when establishing BPAs.<sup>32</sup> We found that when agencies had made efforts to seek additional discounts through BPAs, substantial savings were achieved. For example, in 2012, Social Security Administration procurement officials told us that, as a result of various savings initiatives, the agency was able to receive over a 30 percent discount on a BPA for printers and scanning services, saving more than \$180 million over the life of the contract.<sup>33</sup> We made a number

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<sup>29</sup>GAO, *Contracting Strategies: Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts*, [GAO-10-367](#) (Washington, D.C.: April 29, 2010). Enterprise-wide contracts are internal purchasing programs established within a federal department or agency to acquire products and services. They are similar to interagency contracts in that they can leverage the purchasing power of the federal agency but generally do not allow purchases from the contract by federal activities other than the original acquiring activity.

<sup>30</sup>Since 2011, we have identified interagency contracting as an area in which Congress and the executive branch could take actions to minimize duplication and help the government leverage its vast buying power. GAO, *2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-16-375SP](#) (Washington, D.C.: Apr. 13, 2016).

<sup>31</sup>[GAO-10-367](#). This recommendation has been closed as implemented. In conjunction with a December 2010 update to the FAR requiring that agencies take specific actions before using an interagency contract, OFPP released guidance in September 2011 that includes a new process for developing, reviewing, and approving business cases. This process is intended to improve the communication and visibility for proposed interagency and agency-specific indefinite delivery vehicles and, as part of its business case analysis, agencies are required to expressly consider the potential for duplication. As part of OFPP's new category management initiative, it is reviewing and updating this guidance. See also 75 Fed. Reg. 77733 (Dec. 13, 2010).

<sup>32</sup>See [GAO-09-792](#).

<sup>33</sup>GAO, *Federal Contracting: OMB's Acquisition Savings Initiative Had Results, but Improvements Needed*, [GAO-12-57](#) (Washington, D.C.: Nov. 15, 2011).

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of recommendations to OFPP that aimed to reduce the government's risk of overpaying for products and services under BPAs.<sup>34</sup> Also, in 2015, we found that agencies may be missing opportunities for cost savings when using the FSS because they were not assessing prices for certain items or had insufficient information to assess prices, and did not consistently seek discounts. We recommended that DOD, Department of Health and Human Services, and General Services Administration issue guidance emphasizing the requirement to seek discounts and assess the adequacy of training programs related to FSS ordering procedures.<sup>35</sup>

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### Agencies Used Commercial Item Procedures for a Quarter of All Contract Obligations in Fiscal Year 2015

In addition to contracting with vendors to fulfill unique government requirements, federal agencies can procure commercial items, such as products and services from the commercial marketplace, using streamlined solicitation and evaluation procedures.<sup>36</sup> These procedures are intended to be more consistent with customary commercial practices.<sup>37</sup> When procuring commercial items, the government is generally prohibited from obtaining certified cost and pricing data from contractors.<sup>38</sup> In fiscal year 2015, federal agencies obligated roughly 25 percent of total contract obligations using commercial item procedures.

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<sup>34</sup>GAO, *Contract Management: Agencies Are Not Maximizing Opportunities for Competition or Savings under Blanket Purchase Agreements despite Significant Increase in Usage*, [GAO-09-792](#) (Washington, D.C.: Sep. 9, 2009). The FAR was revised in March 2011 to reflect our recommendations.

<sup>35</sup>GAO, *Federal Supply Schedules: More Attention Needed to Competition and Prices*, [GAO-15-590](#) (Washington, D.C.: July 9, 2015). The recommendation to issue guidance emphasizing the requirement to seek discounts remains open at HHS, and the recommendation to assess training program adequacy remains open at HHS and DOD.

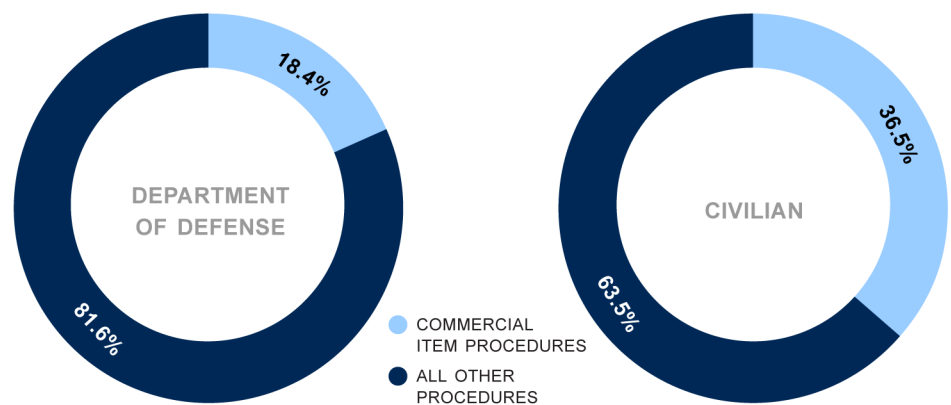
<sup>36</sup>FAR Subpart 12.6.

<sup>37</sup>FAR § 2.101. Items considered commercial items include any item customarily used by the general public, commercial items evolved through technological advances not yet available in the commercial marketplace, but will be in time to satisfy government requirements; and items with minor modifications "of a type" not necessarily available in the commercial marketplace made to meet federal government requirements, or services "of a type" offered and sold competitively in substantial quantities in the commercial marketplace.

<sup>38</sup>Certified cost or pricing data means cost or pricing data that were required to be submitted in accordance with FAR 15.403-4 and 15.403-5 and have been certified, or is required to be certified, in accordance with 15.406-2. This certification states that, to the best of the person's knowledge and belief, the cost or pricing data are accurate, complete, and current as of a date certain before contract award. FAR 2.101. For prohibitions on obtaining this data, see 10 U.S.C. § 2306a and FAR Subsection 15.403-1(c)(3).

DOD used commercial item procedures for just over 18 percent, or \$50 billion, of total contract obligations in fiscal year 2015, while civilian agencies used these procedures for over 36 percent, or \$60 billion, of total contract obligations in fiscal year 2015, as shown in figure 12.

**Figure 12: Defense and Civilian Agency Use of Commercial Item Procedures as a Percentage of Total Obligations, Fiscal Year 2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

The Federal Acquisition Streamlining Act of 1994 established a preference for the acquisition of commercial items; however, we could not determine the full extent to which agencies are procuring commercial items.<sup>39</sup> FPDS-NG captures information on the procedures used, and not whether the items purchased are commercial or not commercial. Federal agencies can purchase commercial items using FAR part 12 commercial item procedures or other procedures laid out in the FAR, such as negotiated procurements (FAR part 15) or simplified acquisition procedures (FAR part 13). Further, products and services purchased through the Federal Supply Schedule (under FAR Part 8.4) are generally considered commercial, and in fact most of the schedule obligations in fiscal year 2015 were identified as having used commercial item procedures.<sup>40</sup>

<sup>39</sup>Federal Acquisition Streamlining Act of 1994, Pub. L. No. 103-355, Title VII, § 8104.

<sup>40</sup>In fiscal year 2015, \$17.3 billion was obligated through orders under the Federal Supply Schedule program, of which 71.4 percent was coded as having used FAR Part 12 commercial item procedures. This does not include obligations under BPA calls awarded through Schedule contracts.

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Recently, Congress and DOD have taken a number of actions related to commercial item determinations. Specifically, Congress recently made a series of changes to commercial item procedures that encourage more innovation and participation by non-traditional defense contractors.<sup>41</sup> For example, in certain circumstances, a DOD contracting officer may now presume that an item is commercial if it was deemed commercial in a prior procurement.<sup>42</sup> Also, in 2015, DOD was required to issue guidance stating that an agency may not enter into a non-commercial contract over the simplified acquisition threshold—generally \$150,000—for information technology products or services unless the head of the agency determines in writing that no commercial items are suitable to meet the agency’s needs. Finally, items and services provided by a non-traditional defense contractor may be treated as commercial items.<sup>43</sup> DOD also established a centralized capability to make commercial item determinations on certain products purchased by DOD and to assist contracting officers when making commercial item determinations.

## Small Business Goals Met and Top Vendors Received Nearly 30 Percent of Obligations in Fiscal Year 2015

### Key observations

- Small businesses received almost \$100 billion in contract obligations in fiscal year 2015.
- Most agencies met or exceeded their overall small business participation goals in fiscal year 2015, according to the Small Business Administration’s annual scorecard report, though not all goals were consistently met.
- In fiscal year 2015, the 10 vendors receiving the most obligations accounted for nearly 30 percent of total contract obligations.

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<sup>41</sup>National Defense Authorization Act for Fiscal Year 2016, Pub. L. No. 114-92, §§ 851-857 (2015) and National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, §§ 871-880 (2016)

<sup>42</sup>A contracting officer may now make this presumption when determining whether there is an exception to the requirement to obtain certified cost and pricing data from a contractor. See FAR 15.403-1(c)(3) and 10 U.S.C. § 2306a.

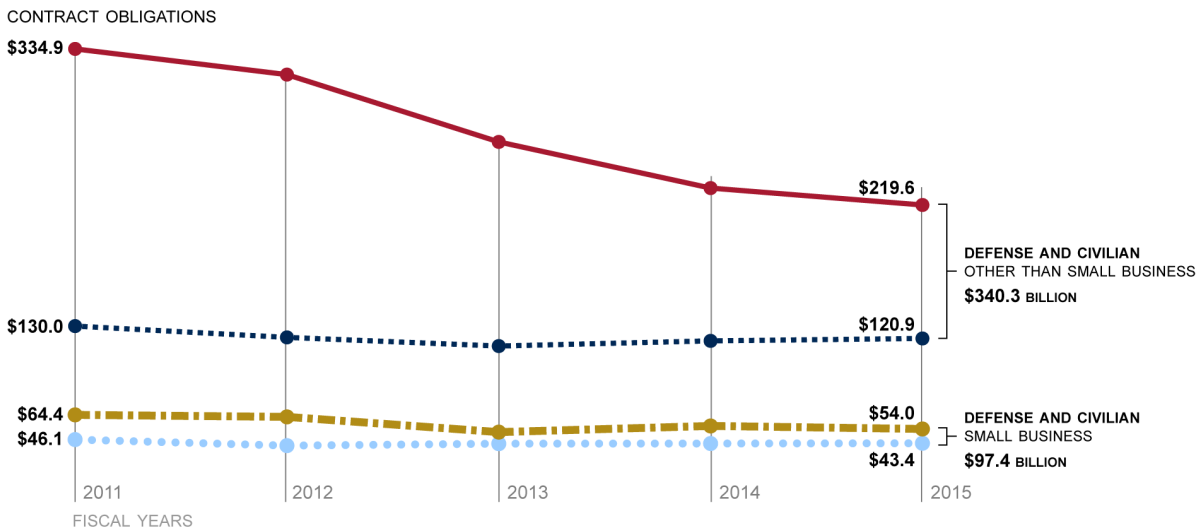
<sup>43</sup>Pub. L. No. 114-92, § 857, codified at 10 U.S.C. § 2380a. Section 878 of the NDAA for Fiscal Year 2017 amended this provision to include the requirement that services provided by a business unit that is a nontraditional defense contractor shall be treated as commercial items for purposes of this chapter, to the extent that such services use the same pool of employees as used for commercial customers and are priced using methodology similar to methodology used for commercial pricing.



## Almost \$100 Billion Obligated to Small Businesses in Fiscal Year 2015

Our analysis of government-wide contracting data found that small businesses received over \$97 billion in prime contract obligations in fiscal year 2015.<sup>44</sup> Defense agency obligations to small businesses decreased from \$64.4 billion to \$54 billion over the 5-year period, while civilian agency obligations decreased from \$46.1 billion to \$41.7 billion from fiscal year 2011 to 2012. Between fiscal years 2012 and 2015, civilian agency obligations to small businesses increased from \$41.7 billion to \$43.4 billion. However, defense agency obligations to large businesses decreased more significantly during this period, see figure 13.

**Figure 13: Defense and Civilian Obligations by Vendor Type, Fiscal Years 2011 through 2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

<sup>44</sup>FPDS-NG does not capture obligations to subcontractors, only prime contractors. Thus, dollars going to small businesses as subcontractors under contracts to large businesses is not identifiable.

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## Most Defense and Civilian Agencies Met or Exceeded the Overall Small Business Participation Goal

### Agencies that did not meet their overall small business goal in fiscal year 2015

- Department of Veteran's Affairs
- U.S. Department of Agriculture
- Department of the Treasury
- Environmental Protection Agency

Source: GAO analysis of Small Business Administration data.  
| GAO-17-244SP

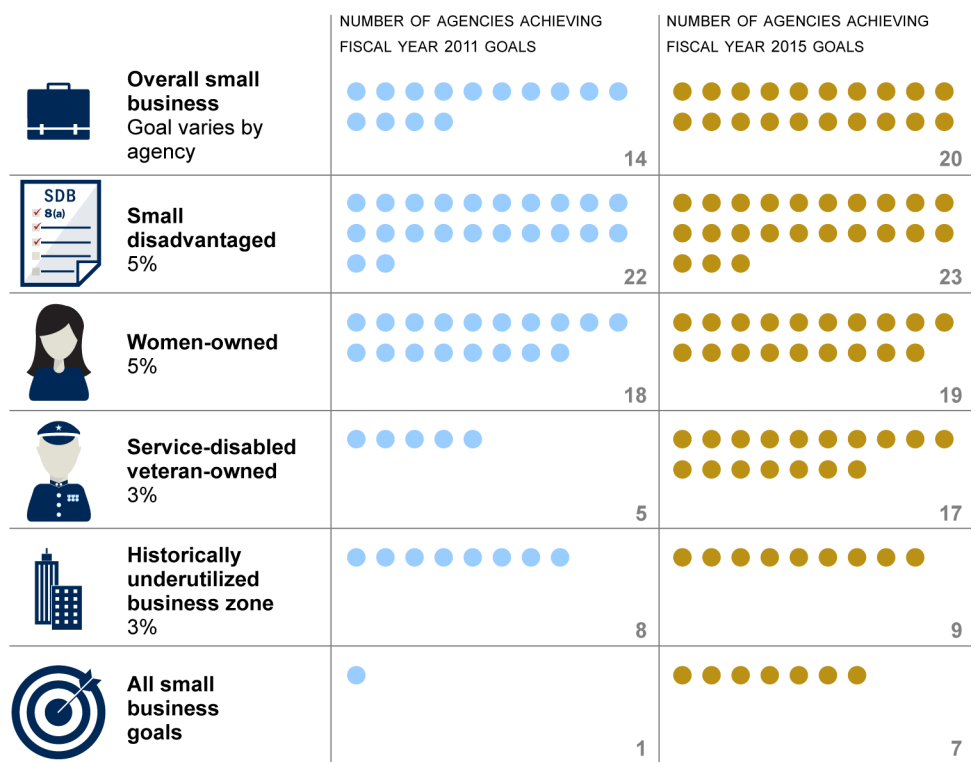
According to the Small Business Administration's (SBA) scorecard, in fiscal year 2015, the government achieved over 25 percent small business participation at the prime contractor level exceeding the fiscal year 2015 goal of 23 percent.<sup>45</sup> In addition, the government achieved its fiscal year 2015 prime contractor goals of 5 percent for the small disadvantaged business and women-owned small business and 3 percent for service-disabled veteran-owned small business categories, but it did not to meet its Historically Underutilized Business Zone (HUB Zone) goal of 3 percent.<sup>46</sup> According to the SBA's scorecard, small business participation at the prime contractor level improved from fiscal year 2011 in all categories, as shown in figure 14.

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<sup>45</sup>The Small Business Administration tracks small business goal achievement for 24 federal government agencies in its annual scorecard summary. The government also met or exceeded its statutory goal of 23 percent of prime contract dollars to small businesses in fiscal years 2013 and 2014, but did not meet this goal in fiscal years 2011 and 2012.

<sup>46</sup>SBA defines a small disadvantaged business generally as a firm that is 51 percent or more unconditionally owned and controlled by one or more disadvantaged persons. The disadvantaged person or persons must be both socially and economically disadvantaged and the firm must be considered small according to SBA's size standards. For a complete definition see 13 C.F.R. § 124.1002(b). SBA's HUBZone program helps small businesses located in designated urban and rural communities gain preferential access to federal procurement opportunities.

**Figure 14: Number of Agencies Achieving Small Business Prime Contracting Goals**



Source: GAO analysis of Small Business Administration data. | GAO-17-244SP

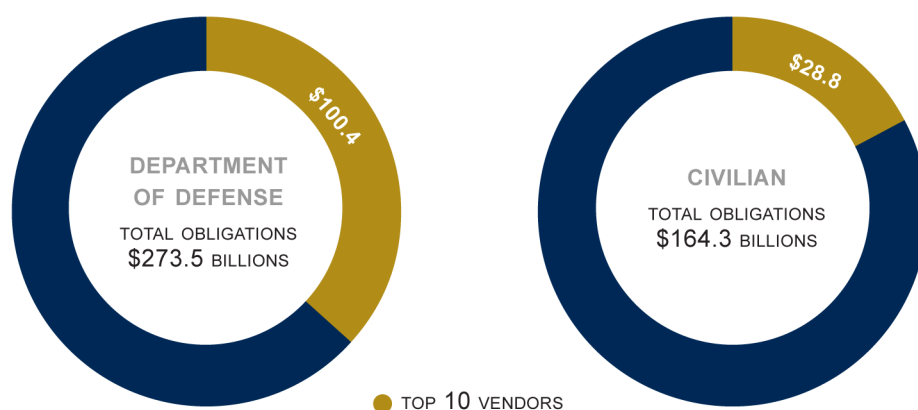
Note: In fiscal year 2011, the Department of the Treasury exceeded all prime small business contracting goals. In fiscal year 2015, the Departments of Homeland Security, Agriculture, State, and Transportation, the General Services and Small Business Administrations; and the Nuclear Regulatory Commission exceeded all prime small business contracting goals.

## The Top 10 Vendors Received Almost 30 Percent of Fiscal Year 2015 Obligations

In fiscal year 2015, the top 10 vendors receiving federal contracts accounted for over 27 percent of total contract obligations. For defense contracts, the top 10 vendors accounted for about 36.7 percent of defense obligations, while the top 10 vendors receiving civilian agency contracts accounted for about 17.5 percent of total civilian obligations, see figure 15.<sup>47</sup>

<sup>47</sup>One of the top vendors for civilian agencies is an educational institution, not a large business.

**Figure 15: Obligations to Top 10 Vendors at Defense and Civilian Agencies as a Share of Total Obligations, Fiscal Year 2015**

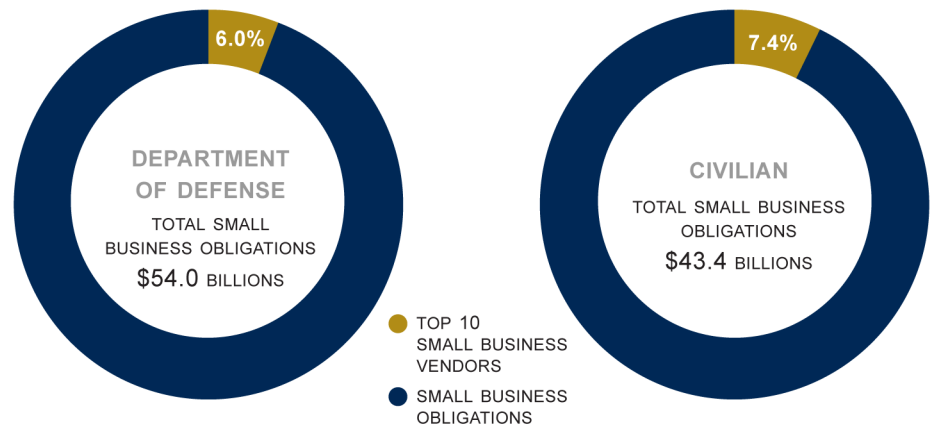


Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

Obligations to the top 10 vendors at the Air Force and Navy represented more than half of these departments' total obligations. For example, the Navy obligated \$84.9 billion on contracts in fiscal year 2015, and \$46.7 billion was to its top 10 vendors. Similarly, within the civilian agencies, the top 10 vendors at DOE and NASA received more than half of those agency's total obligations.

The same analysis performed on small business obligations shows that the dollars are far less concentrated with the top 10 small business vendors. The top 10 small business vendors receiving defense and civilian contracts account for less than 2 percent of total fiscal year 2015 government-wide obligations, but about 5 percent of all obligations awarded to small business vendors (see figure 16).

**Figure 16: Obligations to Top 10 Small Business Vendors at Defense and Civilian Agencies as a Share of all Obligations to Small Businesses, Fiscal Year 2015**

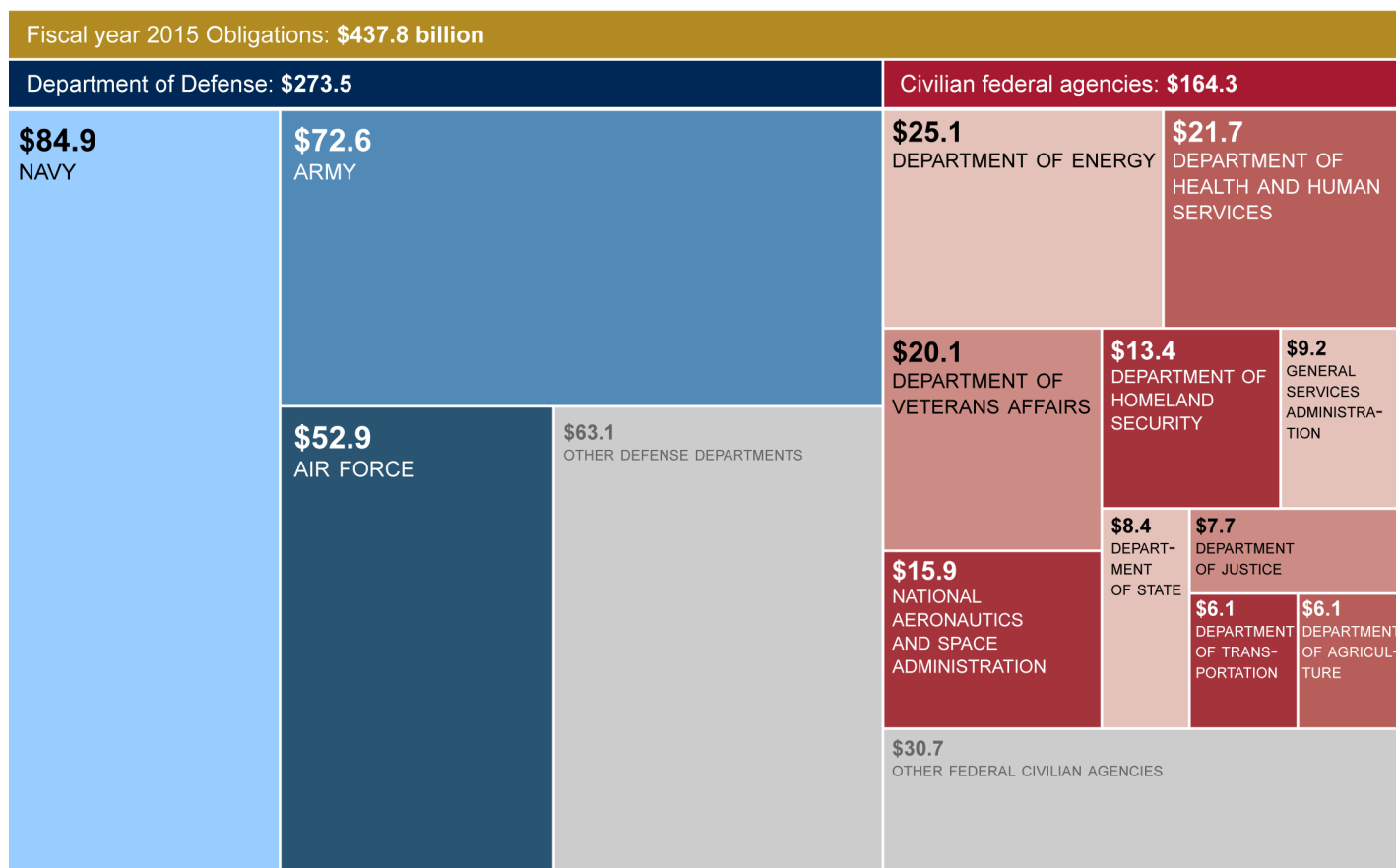


Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

## Agency Snapshots

The agency snapshots provide a 2-page profile for the 10 civilian agencies with the highest contract obligations in fiscal year 2015 and the three military departments within the Department of Defense (see figure 17).

**Figure 17: Military Department and Top Civilian Agencies by Fiscal Year 2015 Obligations**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-244SP

Each agency snapshot provides background on the agency, including its mission; the types of products and services procured; the methods of procurement the agency uses; and details on the types of vendors.

Unless otherwise noted, the source for all graphics in the following snapshots is GAO analysis of Federal Procurement Data System – Next Generation data. In some cases percentages may not add to 100 percent due to rounding.

UNITED STATES

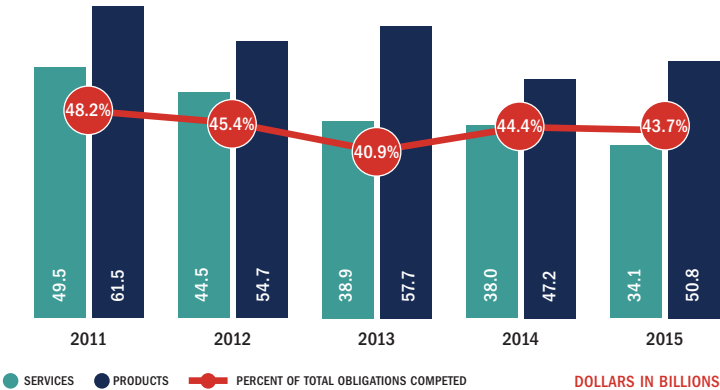
# DEPARTMENT OF DEFENSE: NAVY

In fiscal year (FY) 2015, the Department of the Navy (Navy) obligated \$84.9 billion on contracts.

Navy’s mission is to maintain, train, and equip combat-ready Naval forces capable of winning wars, deterring aggression and maintaining freedom of the seas. Within the Navy, the Assistant Secretary of the Navy for Research, Development, and Acquisition serves as the Navy Acquisition executive—providing weapons, systems, and platforms for the Navy and Marine Corps. The organization consists of 14 program executive offices and 9 direct reporting program managers responsible for the development and acquisition of naval systems. It also contains 7 Naval Systems Commands and their field activities responsible for acquisition to support the systems in the operating fleet.

TOTAL FY 2015 OBLIGATIONS  
\$84.9 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

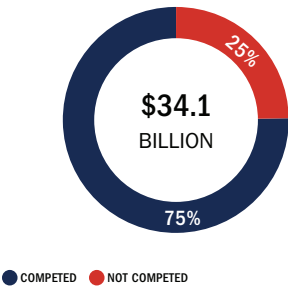


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

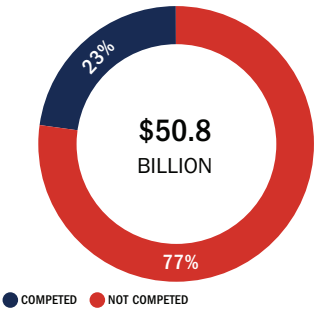
SERVICES REQUIRING MANAGEMENT  
ATTENTION

In FY 2015, about 20 percent of Navy’s service contract obligations, or \$6.7 million, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES

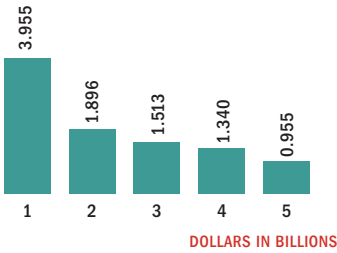


OBLIGATIONS AND COMPETITION  
PRODUCTS



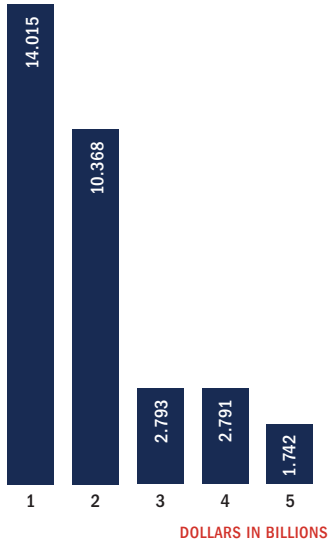
About 60 percent of Navy’s contract obligations are for products, and the top five products accounted for nearly 63 percent of the department’s total obligations for products in fiscal year 2015. Navy’s top five services make up about 28 percent of total obligations for services, and the department had a much higher competition rate for services versus products in fiscal year 2015.

TOP FIVE  
SERVICES



1. Professional engineering & technical support
2. R&D - defense system: aircraft
3. Non-nuclear ship repair (west)
4. Non-nuclear ship repair (east)
5. Professional program management and support

TOP FIVE  
PRODUCTS



1. Aircraft, fixed wing
2. Combat ships & landing vessels
3. Nuclear reactors
4. Aircraft: gas turbines, jet engines, components
5. Guided missiles

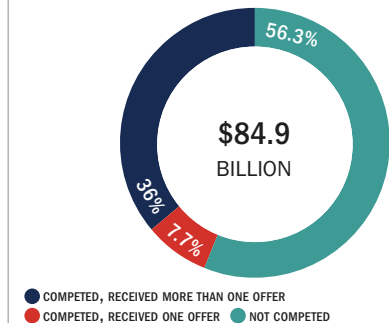
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

7.5 percent of Navy's FY 2015 obligations, or \$6.4 billion, were for contracts using commercial item procedures.

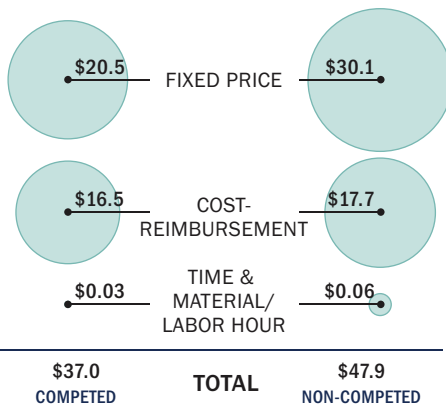
In FY 2015, 43.7 percent of Navy's obligations were awarded competitively, which represents a decrease of about 4.5 percent from FY 2011, and remains below the rate of 55 percent competed obligations for all defense agencies. In FY 2014, the Navy reported that it exceeded its competition goals and provided details on its efforts to improve competition, including communication with industry, such as market surveys and industry days. Further, Navy awarded 59.6 percent of its FY 2015 obligations on fixed price contracts, below the average of 67 percent for all defense agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

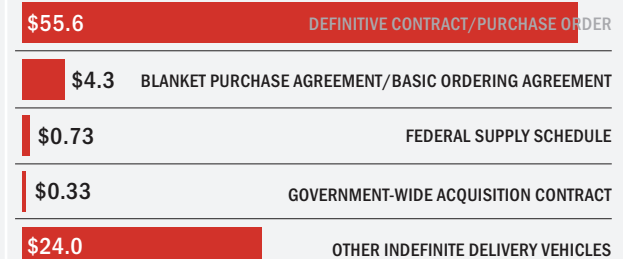
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$55.6 billion, or 65.5 percent, of the Navy's contract obligations were on definitive contracts and purchase orders. The remainder, \$29.3 billion, or 34.5 percent, were on various types of indefinite delivery vehicles, which is a decrease from fiscal year 2011, when obligations on indefinite delivery vehicles accounted for 37 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Navy reported achieving its goal of 16 percent of total obligations to small businesses in FY 2015.

According to the Navy's Office of Small Business Programs Fiscal Year 2015 Executive Summary, the Navy awarded over \$64.7 billion of its FY 2015 obligations in small business eligible procurements. The Navy reported awarding almost 19 percent of those awards to small businesses.

### VENDOR TYPE SMALL BUSINESS

**\$12.6**

DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$72.3**

DOLLARS IN BILLIONS

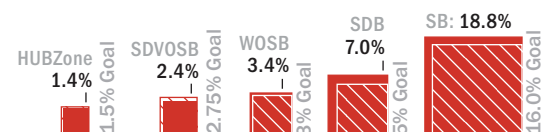
### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

TOP VENDORS AND SMALL BUSINESSES	FY 2015 OBLIGATIONS BILLIONS
TOP 10 VENDORS	64.6% of \$72.3B
TOP 10 SMALL BUSINESS	7.6% of \$12.6B

Source: GAO analysis of Navy data.

□ GOAL ■ ACTUAL





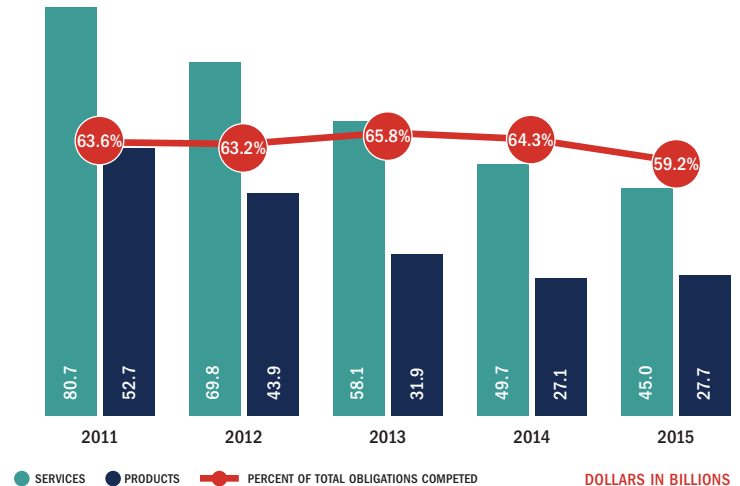
# DEPARTMENT OF DEFENSE: ARMY

In fiscal year (FY) 2015, the Department of the Army (Army) obligated \$72.6 billion on contracts.

The Army procures tens of billions in products and services in order to achieve its mission of fighting and winning our Nation's wars by providing prompt, sustained land dominance across the full range of military operations and spectrum of conflict in support of combatant commanders. The majority of the Army's contracting is executed by the Army Materiel Command, which is responsible for the full range of contracting services for deployed units and installation-level services, as well as supplies and common-use information technology hardware and software. The Army has seven major contracting commands including the Army Contracting Command, which is the department's largest buyer of weapons systems.

TOTAL FY 2015 OBLIGATIONS  
**\$72.6 BILLION**

## SERVICES AND PRODUCTS OBLIGATIONS WITH PERCENT COMPLETED

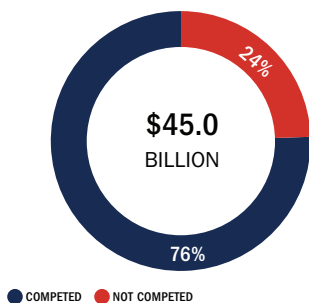


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

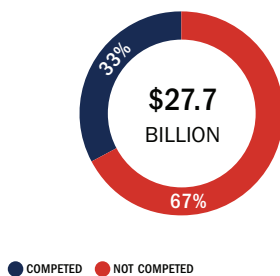
### SERVICES REQUIRING MANAGEMENT ATTENTION

In FY 2015, almost 20 percent of Army's service contract obligations, or \$8.8 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

### OBLIGATIONS AND COMPETITION SERVICES

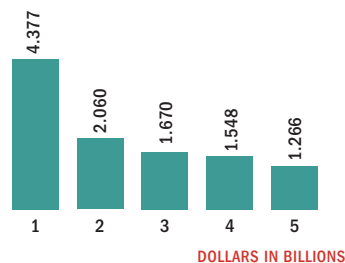


### OBLIGATIONS AND COMPETITION PRODUCTS



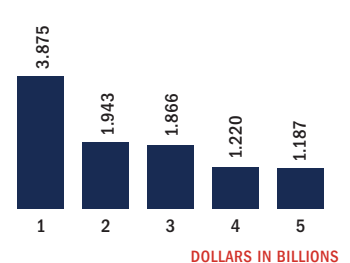
About three-fifths of the Army's FY 2015 contract obligations were for services, and its top five services accounted for just under a quarter of the department's total obligations for services. The Army's top five products, which were largely aircraft and weapons-related, accounted for more than 35 percent of the department's total obligations for products. The Army competed contracts for services more often than those for products.

### TOP FIVE SERVICES



1. Professional engineering & technical support
2. Logistics management support
3. Construction of miscellaneous buildings
4. Other professional support
5. Program management and support

### TOP FIVE PRODUCTS



1. Aircraft, rotary wing
2. Trucks and truck tractors, wheeled
3. Guided missile components
4. Miscellaneous communication equipment
5. Guided missile systems, complete

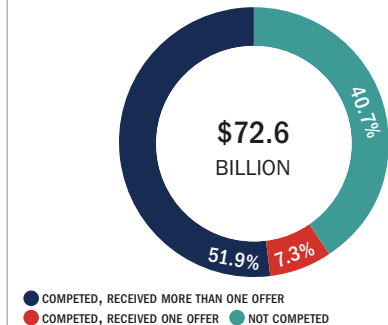
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 18 percent of Army's FY 2015 obligations, or \$13.1 billion, were for contracts using commercial item procedures.

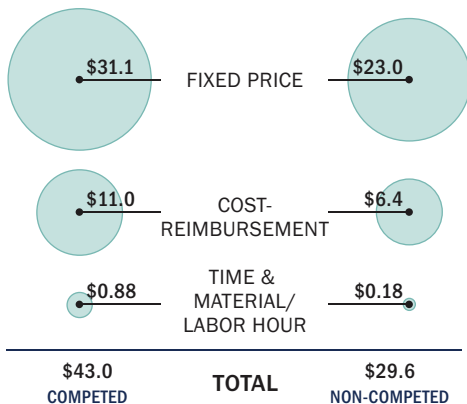
In FY 2015, 59 percent of Army's obligations were awarded competitively, which represents a decrease of more than 4 percent from FY 2011, but remains above the average rate of 55 percent competed obligations for all defense agencies. In March 2015, the Army reported that it missed its assigned FY 2014 competition goal and outlined its efforts to improve competition, including awarding multiple award, indefinite delivery / indefinite quantity contracts to streamline acquisition of design, fabrication, and testing of rapid technology solutions. Further, the Army awarded approximately 75 percent of its FY 2015 obligations on fixed price contracts, above the average of 67 percent for all defense agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

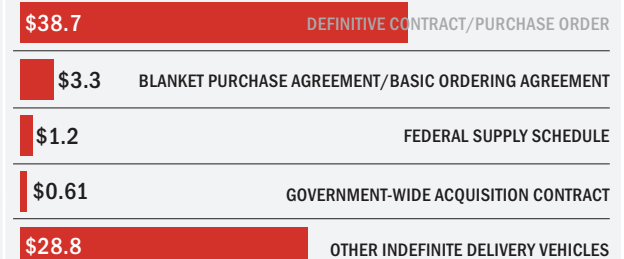
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$38.7 billion, or 53.3 percent, of the Army's contract obligations were on definitive contracts and purchase orders. The remainder, \$33.9 billion, or 46.7 percent, were on various types of indefinite delivery vehicles, which is a decrease from fiscal year 2011 when, obligations on indefinite delivery vehicles accounted for 56.6 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Army reported achieving its goal of 26.5 percent of total obligations, to small businesses in FY 2015.

According to Army's Office of Small Business Programs, the Army awarded almost \$56 billion of its FY 2015 obligations in small business eligible procurements. The Army reported awarding over 31 percent of those awards to small businesses.

### VENDOR TYPE SMALL BUSINESS

**\$18.7**

DOLLARS IN BILLIONS

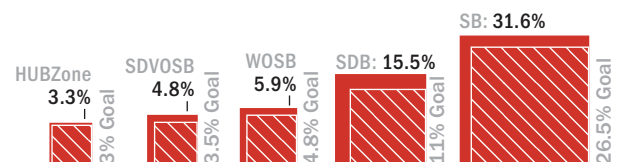
### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$54.0**

DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

FY 2015  
OBLIGATIONS BILLIONS

#### TOP 10 VENDORS

40.3% of \$54.0B

#### TOP 10 SMALL BUSINESS

7.3% of \$18.7B

Source: GAO analysis of Army data.

□ GOAL ■ ACTUAL

UNITED STATES

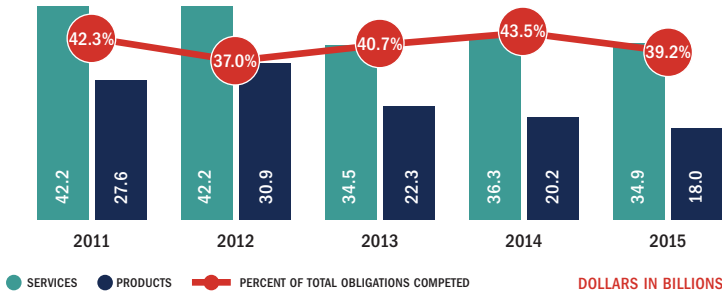
# DEPARTMENT OF DEFENSE: AIR FORCE

In fiscal year (FY) 2015, the Department of the Air Force (Air Force) obligated \$52.9 billion on contracts.

Every year, the Air Force procures tens of billions in products and services in order to achieve its mission—to fly, fight, and win in air, space, and cyberspace. The Air Force has two primary contracting missions—operational and systems acquisition. Operational commands award contracts for military installation support and system commands procure weapons systems and logistics support.

TOTAL FY 2015 OBLIGATIONS  
\$52.9 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

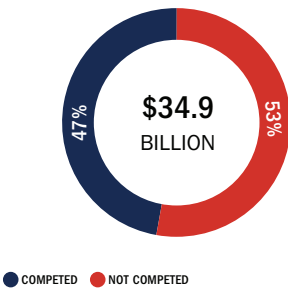


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

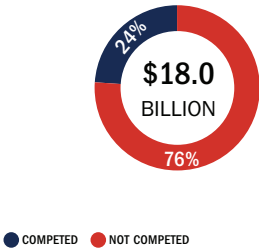
SERVICES REQUIRING MANAGEMENT ATTENTION

In FY 2015, over 20 percent of Air Force’s service contract obligations, or \$7.9 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION SERVICES

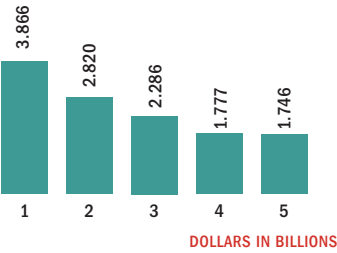


OBLIGATIONS AND COMPETITION PRODUCTS



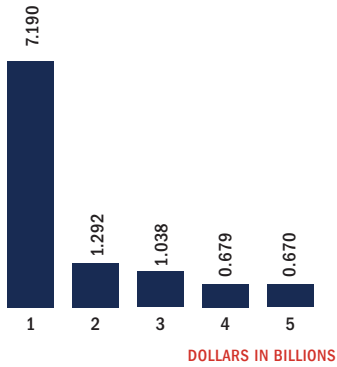
About two-thirds of the Air Force’s FY 2015 contract obligations were for services, and its top five services accounted for more than 35 percent of the department’s total obligations for services. From FY 2011 to FY 2015, Air Force increased its spending on services requiring increased management attention by over \$600 million. The Air Force’s top products, which were largely aircraft- and weapons-related, accounted for about 60 percent of the department’s total obligations for products. The Air Force competed contracts for services more often than those for products; however, both products and services had competition rates below 50 percent.

TOP FIVE SERVICES



- 1. Professional engineering & technical support
- 2. Other professional support
- 3. Aircraft and airframe structural components
- 4. Aircraft components & accessories
- 5. Space transportation & launch

TOP FIVE PRODUCTS



- 1. Aircraft, fixed wing
- 2. Guided missiles
- 3. Misc. aircraft accessories & components
- 4. Airframe structural components
- 5. Electronic countermeasures & quick reaction capability equipment

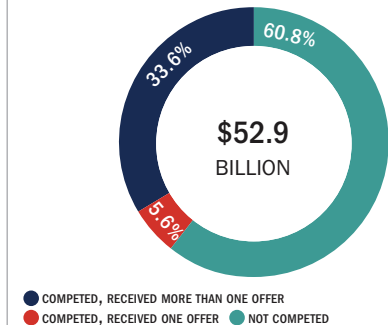
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 11 percent of Air Force's FY 2015 obligations, or \$5.8 billion, were for contracts using commercial item procedures.

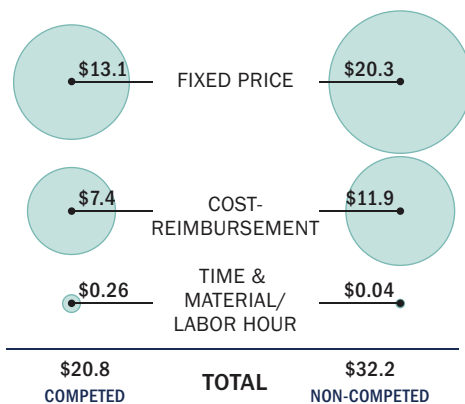
In FY 2015, 39 percent of Air Force's obligations were awarded competitively, which represents a decrease of about 3 percent from FY 2011, and remains below the average rate of 55 percent competed obligations for all defense agencies. In March 2015, the Air Force reported on its efforts in FY 2014 to improve competition rates, which included challenging overly restrictive requirements and tracking the planned transition of contracts to a competitive environment. Further, the Air Force awarded about 63 percent of its FY 2015 obligations on fixed price contracts, below the average of 67 percent for all defense agencies. In 2013, the Department of Defense Inspector General found that Air Force contracting personnel had not justified the use of some cost-reimbursable contracts or documented the possibility of transitioning to a less-risky contract type, such as fixed price.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

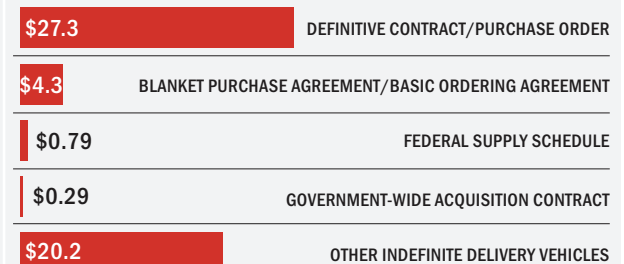
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$27.3 billion, or 51.6 percent, of the Air Force's contract obligations were on definitive contracts and purchase orders. The remainder, \$25.6 billion, or 48.4 percent, were on various types of indefinite delivery vehicles. This is similar to fiscal year 2011, when obligations on indefinite delivery vehicles accounted for 49 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Air Force reported it achieved its goal of 16.1 percent of total obligations to small business in FY 2015.

According to the Air Force, the department awarded about \$43.3 billion of its FY 2015 obligations in small business eligible procurements. The Air Force reported awarding over 18 percent of those awards to small businesses.

### VENDOR TYPE SMALL BUSINESS

**\$8.4**

DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$44.5**

DOLLARS IN BILLIONS

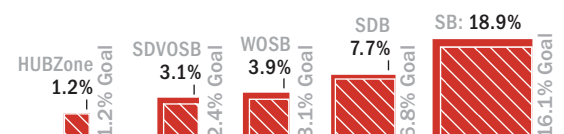
### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

TOP VENDORS AND SMALL BUSINESSES	FY 2015 OBLIGATIONS (BILLIONS)
TOP 10 VENDORS	66.8% of \$44.5B
TOP 10 SMALL BUSINESS	7.5% of \$8.4B

Source: GAO analysis of Air Force data.

□ GOAL ■ ACTUAL

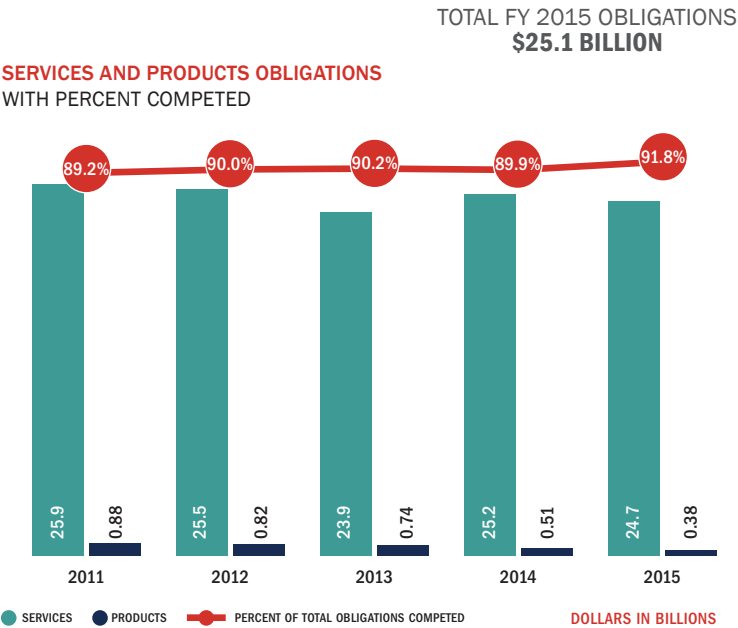


UNITED STATES

# DEPARTMENT OF ENERGY

In fiscal year (FY) 2015, the Department of Energy (DOE) obligated \$25.1 billion on contracts.

DOE’s mission is to ensure America’s security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions. The department relies on contract support to manage and operate many of its government-owned, contractor-operated sites to carry out its diverse missions. DOE has a decentralized procurement process carried out by contracting offices in its field locations and headquarters serving multiple program and staff offices, labs, technology centers, and field sites. Contract management at two of DOE’s largest divisions has remained on GAO’s high risk list since 1990.

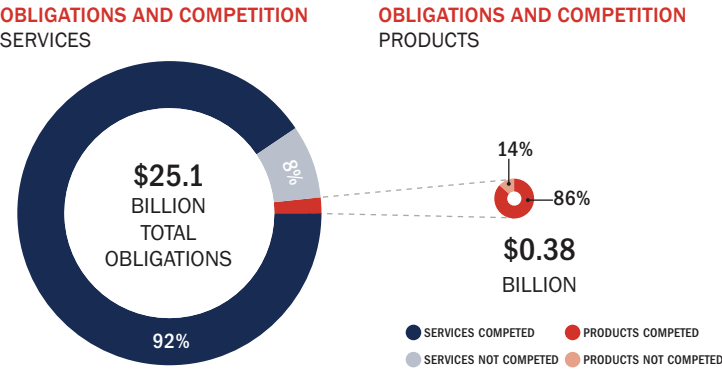


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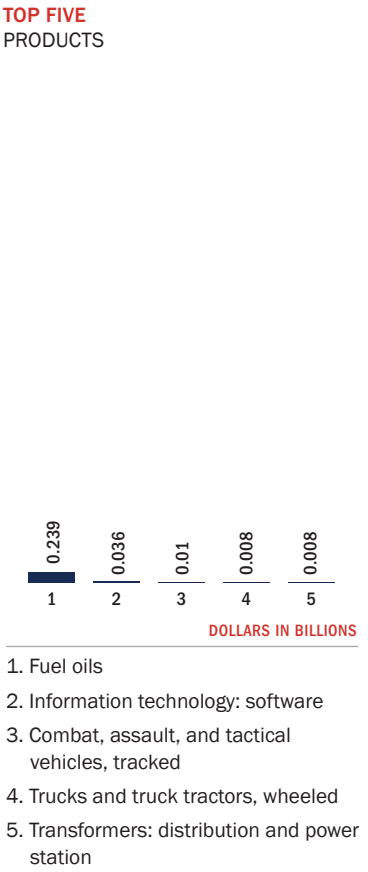
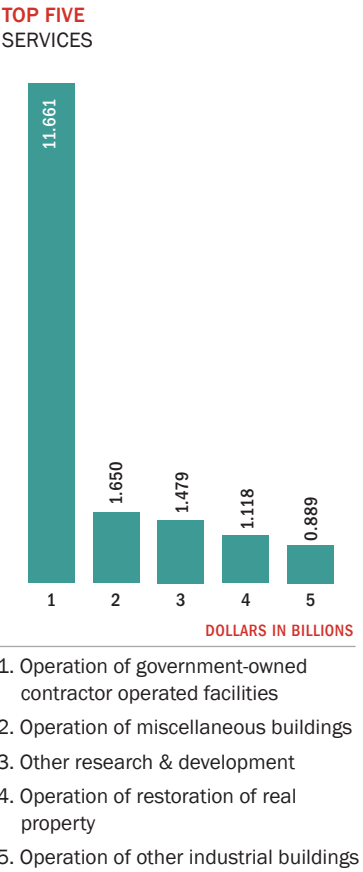
## TYPES OF PRODUCTS AND SERVICES PROCURED

**SERVICES REQUIRING MANAGEMENT ATTENTION**

In FY 2015, about 4 percent of DOE’s service contract obligations, or \$940 million, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.



Most of DOE’s contract obligations are for services, and the top five services accounted for about 68 percent of the department’s total obligations for services in fiscal year 2015. While a much smaller share of the overall obligations, DOE’s top five products make up nearly 80 percent of total obligations for products. DOE had a slightly higher competition rate for services versus products in fiscal year 2015.



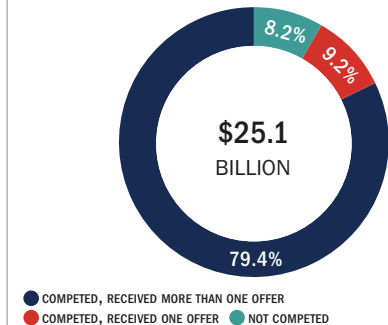
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 3 percent of DOE's FY 2015 obligations, or \$811 million, were for contracts using commercial item procedures.

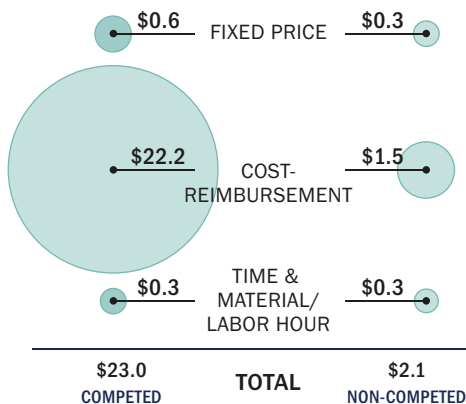
Federal Procurement Data System - Next Generation (FPDS-NG) data show DOE achieved a high rate of competition—about 92 percent compared to the civilian agency rate of 79 percent. However, this is misleading. Our prior work identified there is a limited competitive environment for DOE's management and operating (M&O) contracts that support work at DOE's labs and other facilities. This environment is a result of the long duration of the contracts and the nature of the work. These 22 M&O contracts account for more than three quarters of FY 2015 obligations. DOE awarded less than 4 percent of its FY 2015 obligations on fixed price contracts, far below the civilian agency rate of 56 percent.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$23.9 billion, or 95.1 percent, of DOE's contract obligations were on definitive contracts and purchase orders. The remainder, \$1.2 billion, or 4.9 percent, were on various types of indefinite delivery vehicles, which is a slight increase from fiscal year 2011, when obligations on indefinite delivery vehicles accounted for 4.2 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT

<b>\$23.9</b>	<b>DEFINITIVE CONTRACT/PURCHASE ORDER</b>
<b>\$0.12</b>	<b>BLANKET PURCHASE AGREEMENT/BASIC ORDERING AGREEMENT</b>
<b>\$0.30</b>	<b>FEDERAL SUPPLY SCHEDULE</b>
<b>\$0.26</b>	<b>GOVERNMENT-WIDE ACQUISITION CONTRACT</b>
<b>\$0.55</b>	<b>OTHER INDEFINITE DELIVERY VEHICLES</b>

DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration reported that DOE exceeded its small business goal of 6 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, DOE awarded over \$23 billion of its FY 2015 obligations on small business eligible procurements. About 9 percent of the department's FY 2015 obligations were awarded to small businesses, an increase from 5.3 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$1.2**

DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$23.9**

DOLLARS IN BILLIONS

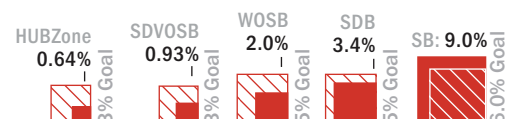
### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

TOP VENDORS AND SMALL BUSINESSES	FY 2015 OBLIGATIONS BILLIONS
TOP 10 VENDORS	65.2% of \$23.9B
TOP 10 SMALL BUSINESS	27.6% of \$1.2B

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL





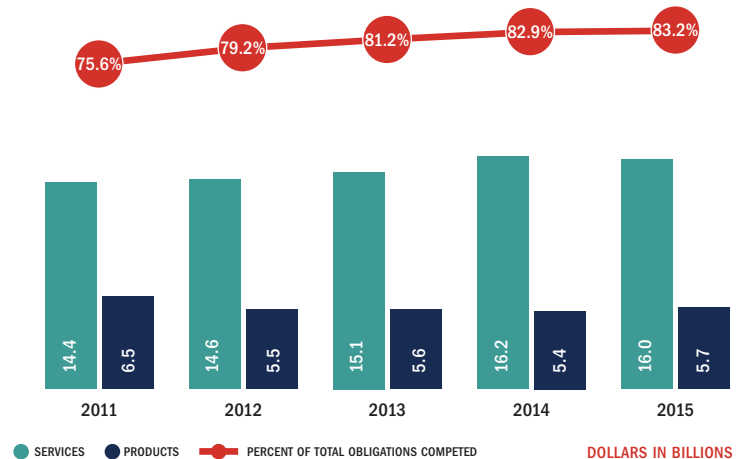
# DEPARTMENT OF HEALTH AND HUMAN SERVICES

In fiscal year (FY) 2015, the Department of Health and Human Services (HHS) obligated \$21.7 billion on contracts.

Every year, HHS procures billions in goods and services in order to carry out its mission to enhance the health and well-being of Americans by providing for effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services. HHS has 10 contracting activities responsible for carrying out acquisition functions for its 11 operating divisions. In 2015, the HHS Inspector General (IG) identified the administration and management of contracts as one of the department's top management challenges.

TOTAL FY 2015 OBLIGATIONS  
**\$21.7 BILLION**

## SERVICES AND PRODUCTS OBLIGATIONS WITH PERCENT COMPLETED

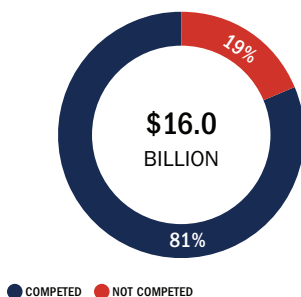


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

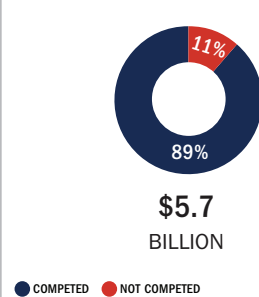
### SERVICES REQUIRING MANAGEMENT ATTENTION

In FY 2015, approximately 27 percent of HHS's service contract obligations, or \$4.3 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

### OBLIGATIONS AND COMPETITION SERVICES

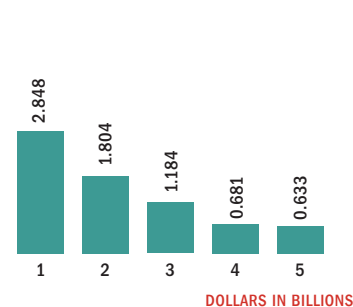


### OBLIGATIONS AND COMPETITION PRODUCTS



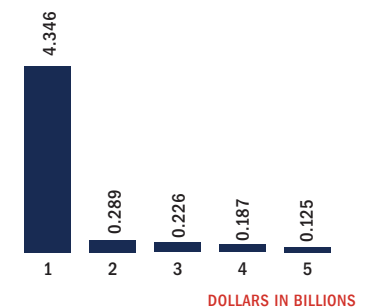
In FY 2015, roughly 74 percent of HHS's contract obligations were for services, and its top five services accounted for almost 45 percent of the department's total obligations for services. From FY 2011 to FY 2015, HHS increased its spending on services requiring increased management attention by over \$820 million. HHS's top products, which were largely drug related, accounted for 91 percent of total obligations for products. HHS competed contracts for products more often than those for services. In 2013, we identified potentially duplicative information technology (IT) investments totaling approximately \$260 million at HHS and recommended that the department assess the cost-effectiveness of consolidating functions among IT systems.

### TOP FIVE SERVICES



1. Other professional support
2. IT & telecommunications
3. Government health insurance programs
4. Research & development: biomedical
5. Professional program management & support

### TOP FIVE PRODUCTS



1. Drugs & biologicals
2. IT: equipment system configuration
3. Laboratory equipment & supplies
4. IT: Software
5. Medical and surgical instruments, equipment and supplies

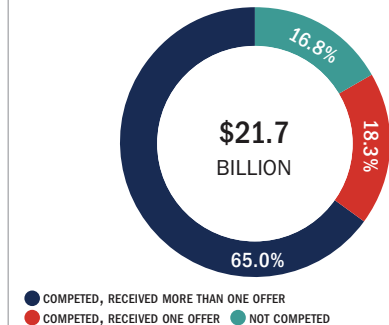
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 38 percent, or roughly \$8.2 billion, of HHS's FY 2015 obligations were for contracts using commercial item procedures.

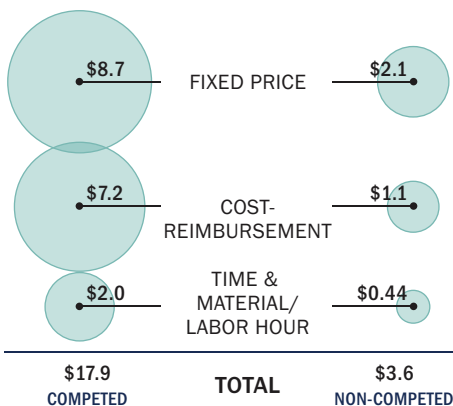
In FY 2015, over 83 percent of HHS's obligations were awarded competitively, which is above the rate of 79 percent competed obligations for all civilian agencies. In 2015, HHS's IG reported on procurement inadequacies for selected health care services contracts, such as failing to complete acquisition strategies and selecting contract types that placed the risk of cost increases solely on the government. HHS awarded 50 percent of its FY 2015 obligations on fixed price contracts, below the average of 56 percent for all civilian agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

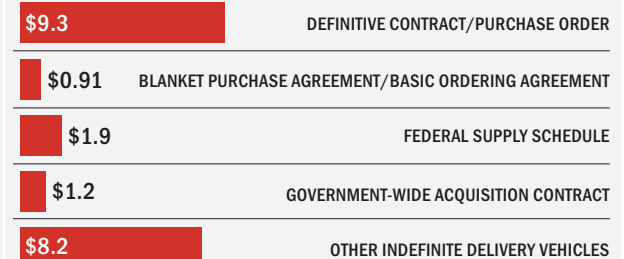
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$9.3 billion, or 43.6 percent, of HHS's contract obligations were on definitive contracts and purchase orders. The remainder, \$12.2 billion, or 56.4 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on indefinite delivery vehicles accounted for 36.2 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration reported that HHS achieved its overall small business goal of 23 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, HHS awarded over \$21.1 billion of its FY 2015 obligations on small business eligible procurements. Approximately 23 percent of those obligations were awarded to small businesses, about the same proportion a FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$5.1**

DOLLARS IN BILLIONS

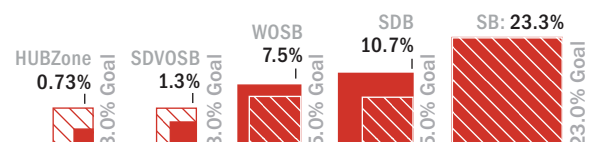
### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$16.6**

DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

#### TOP 10 VENDORS

#### TOP 10 SMALL BUSINESS

FY 2015  
OBLIGATIONS BILLIONS

39.2% of \$16.6B

13.5% of \$5.1B

Source: GAO analysis of Small Business Administration data.

■ GOAL ■ ACTUAL



UNITED STATES

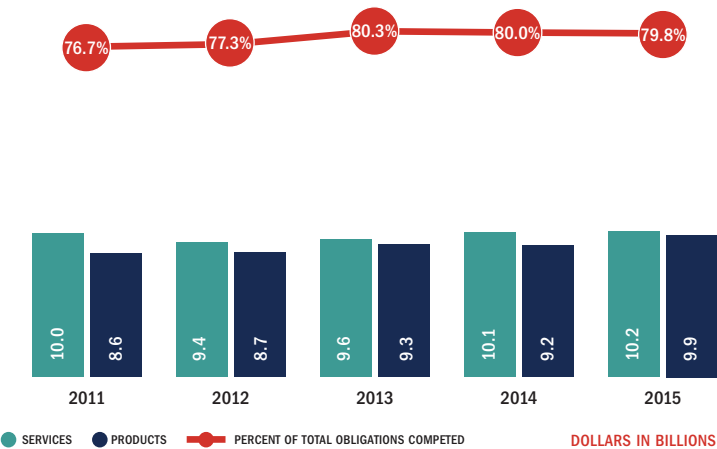
# DEPARTMENT OF VETERANS AFFAIRS

In fiscal year (FY) 2015, the Department of Veterans Affairs (VA) obligated \$20.1 billion on contracts.

VA’s mission is to serve veterans of the U.S. armed forces, and provide health, pension, burial, and other benefits. The VA’s acquisition function is spread across its three operational administrations, including the Veterans Health Administration, and a number of organizations with department-wide roles, such as the Office of Acquisition and Logistics. The department has eight heads of contracting activity. In September 2016, we found that VA’s procurement policy framework is outdated and fragmented, and that acquisition responsibilities are not always clear. Contracting offices were unsure what guidance to use, exposing the department to potential oversights and inefficiencies in contracting.

TOTAL FY 2015 OBLIGATIONS  
\$20.1 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

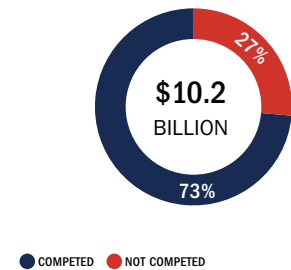


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

**SERVICES REQUIRING MANAGEMENT ATTENTION**

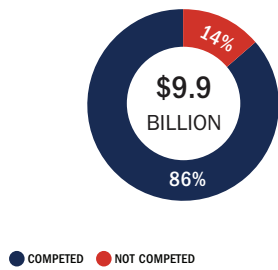
In FY 2015, about 8.5 percent of VA’s service contract obligations, or \$857 million, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES

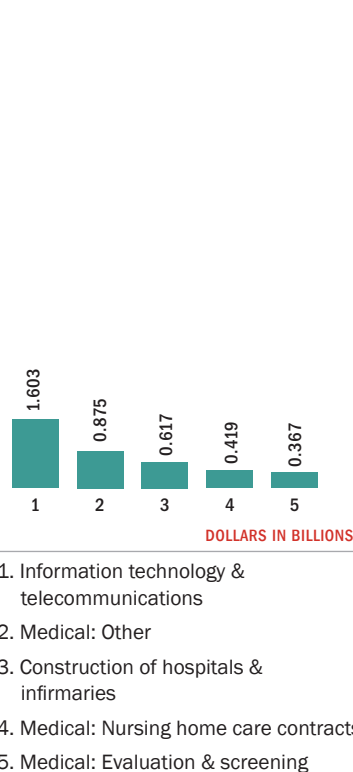


The department obligates slightly less on products than services. Its top five services accounted for 38 percent of the department’s total obligations for services. By contrast, the top five products accounted for 90 percent of the department’s total obligations for products, with drugs and biologicals accounting for over 60 percent. The VA decreased its obligations on services requiring increased management attention from about 11 percent in FY 2011 to about 8.5 percent in FY 2015. However, in 2014 the VA’s inspector general found deficiencies in the award, monitoring, and documentation of support service contracts.

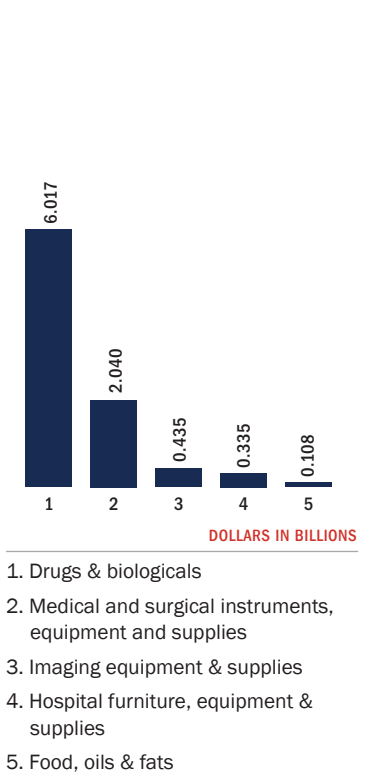
OBLIGATIONS AND COMPETITION  
PRODUCTS



TOP FIVE  
SERVICES



TOP FIVE  
PRODUCTS



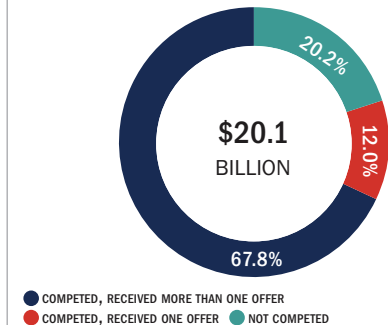
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 77 percent of VA's FY 2015 obligations were for contracts using commercial item procedures.

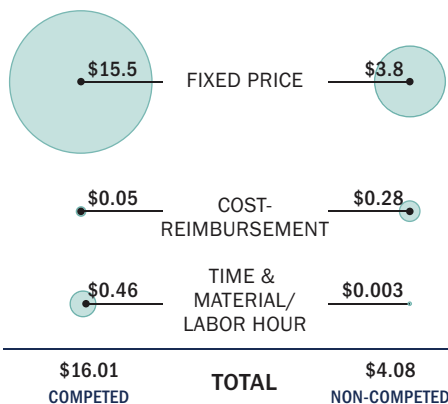
The VA's competition rate in FY 2015 of about 80 percent represents a slight increase from about 77 percent in FY 2011 and is on par with the rate of competed obligations for all civilian agencies. In addition, the VA has certain unique sole-source contracting authorities and obligates funds to its Federally Funded Research and Development Centers on a noncompetitive basis. The VA awarded about 96 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

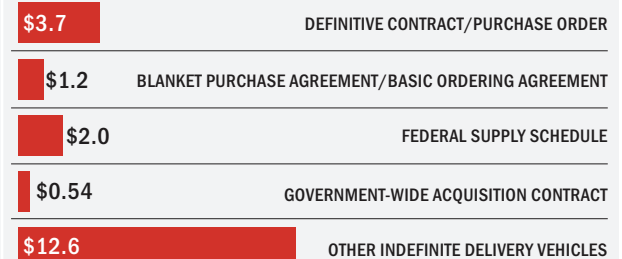
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$3.7 billion, or 18.5 percent, of the VA's contract obligations were on definitive contracts and purchase orders. The remainder, \$16.3 billion, or 81.4 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on these contracts accounted for 66.6 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL NOT MET

The Small Business Administration reported that the VA did not meet its overall small business goal of 32 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, VA awarded over \$20 billion of its FY 2015 obligations on small business eligible procurements. About 31 percent of those obligations were awarded to small businesses, a slight decrease from 33.7 percent of eligible procurements in FY 2011. The VA has special statutory contracting preferences for service disabled, veteran-owned small businesses and veteran-owned small businesses which requires the agency to limit competition within these categories in certain situations.

### VENDOR TYPE SMALL BUSINESS

**\$6.1**

DOLLARS IN BILLIONS

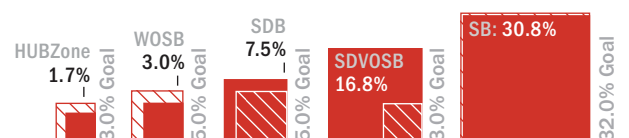
### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$13.9**

DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

	FY 2015 OBLIGATIONS (BILLIONS)
TOP 10 VENDORS	57.1% of \$13.9B
TOP 10 SMALL BUSINESS	12.7% of \$6.1B

Source: GAO analysis of Small Business Administration data.

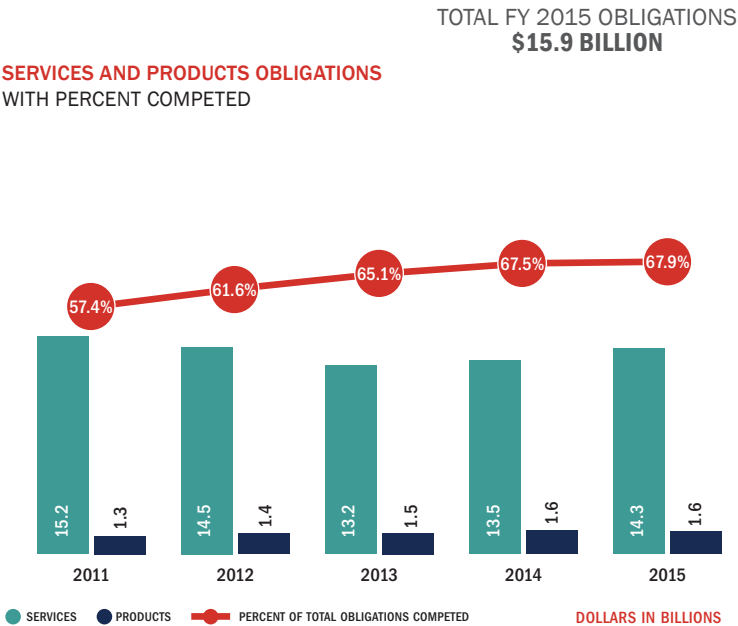
■ GOAL ■ ACTUAL

UNITED STATES

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

In fiscal year (FY) 2015, the National Aeronautics and Space Administration (NASA) obligated \$15.9 billion on contracts.

NASA's mission is to drive advances in science, technology, aeronautics, and space exploration to enhance knowledge, education, innovation, economic vitality, and stewardship of the Earth. NASA has 14 procurement sites serving its headquarters, research centers and facilities, and the contractor-operated Jet Propulsion Laboratory. NASA acquisition management has been on GAO's high risk list since 1990 due to its history of cost growth and schedule slippage in its major projects. Our work identified causal factors, including poor cost estimating and underestimating development risks.



1 TYPES OF PRODUCTS AND SERVICES PROCURED

SERVICES REQUIRING MANAGEMENT ATTENTION

In 2015, 12 percent of NASA's service contract obligations, or \$1.7 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION SERVICES

\$14.3 BILLION

72% COMPETED, 28% NOT COMPETED

OBLIGATIONS AND COMPETITION PRODUCTS

\$1.6 BILLION

66% COMPETED, 34% NOT COMPETED

TOP FIVE SERVICES

1. Research & development (R&D): Science and applications (2.356)

2. Space transportation (1.307)

3. R&D: Aeronautics and technology (1.112)

4. Professional engineering & technical support (1.061)

5. R&D: Space flight (0.944)

TOP FIVE PRODUCTS

1. Space vehicles components (0.834)

2. Space vehicle launchers (0.248)

3. Space vehicles (0.155)

4. IT: support equipment (0.069)

5. Optical instruments, test equipment, components and accessories (0.602)

In FY 2015, roughly 90 percent of NASA's contract obligations were for services, and its top five services, accounted for about 47 percent of the department's total obligations for services. In 2015, NASA's Inspector General (IG) identified the task of ensuring the integrity of the contracting process as one of the agency's top management challenges. Further, in 2013, the IG also has reported on critical information technology (IT) security acquisitions, finding that the agency was missing opportunities to achieve cost savings and standardize IT security tools agencywide. NASA's obligations for products, which were largely space vehicle-related, accounted for 87 percent of total obligations for products. NASA competed contracts for services more often than those for products.

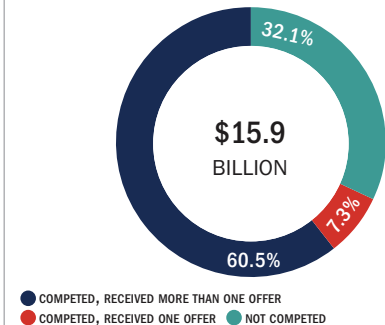
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

Approximately 7 percent, or \$1.1 billion, of NASA's FY 2015 obligations were for contracts using commercial item procedures.

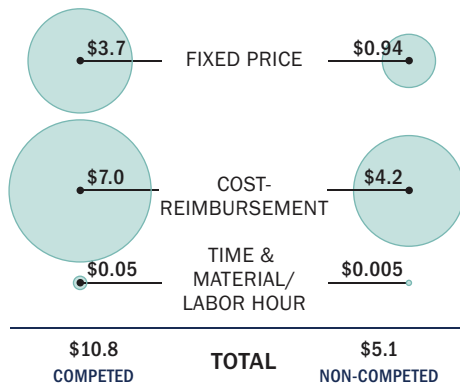
In FY 2015, 68 percent of NASA's obligations were awarded competitively, which is below the rate of 79 percent competed obligations for all civilian agencies. In 2015, NASA's IG found that the agency had successfully reduced the cost of its operation and maintenance service contracts for the International Space Station in part by openly competing requirements. NASA awarded less than 30 percent of its FY 2015 obligations on fixed price contracts, below the average of 56 percent for all civilian agencies. In 2016, the IG recommended that NASA examine the feasibility of transitioning some of its Kennedy Center engineering service contracts from cost reimbursement to a combination of cost-reimbursement and fixed price contracts to potentially reduce costs and administrative burdens.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$9.0 billion, or 57 percent, of NASA's contract obligations were on definitive contracts and purchase orders. The remainder, \$6.8 billion, or 43 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on these contracts accounted for 27.5 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT

\$9.0	DEFINITIVE CONTRACT/PURCHASE ORDER
\$0.16	BLANKET PURCHASE AGREEMENT/BASIC ORDERING AGREEMENT
\$0.10	FEDERAL SUPPLY SCHEDULE
\$0.07	GOVERNMENT-WIDE ACQUISITION CONTRACT
\$6.5	OTHER INDEFINITE DELIVERY VEHICLES

DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration reported that NASA achieved its overall small business goal of 17 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, NASA awarded over \$14.4 billion of its FY 2015 obligations on small business eligible procurements. About 17 percent of those obligations were awarded to small businesses, the same proportion as in FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$2.5**

DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$13.4**

DOLLARS IN BILLIONS

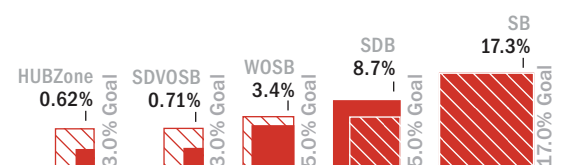
### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

TOP VENDORS AND SMALL BUSINESSES	FY 2015 OBLIGATIONS (BILLIONS)
TOP 10 VENDORS	66.5% of \$13.4B
TOP 10 SMALL BUSINESS	29.1% of \$2.5B

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL



UNITED STATES

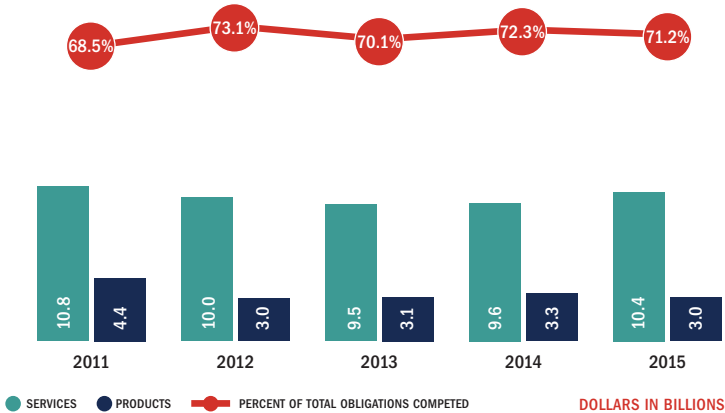
# DEPARTMENT OF HOMELAND SECURITY

In fiscal year (FY) 2015, the Department of Homeland Security (DHS) obligated \$13.4 billion on contracts.

DHS has five core missions—prevent terrorism and enhance security; secure and manage borders; enforce and administer immigration laws; safeguard and secure cyberspace; and ensure resilience to disasters. The department and its underlying components are acquiring systems to help execute a wide variety of operations to meet its mission of a safe, secure, and resilient homeland. DHS has 9 contracting offices serving 16 operational and support components. DHS management functions, including acquisition management, have remained on GAO’s high risk list since 2003.

TOTAL FY 2015 OBLIGATIONS  
\$13.4 BILLION

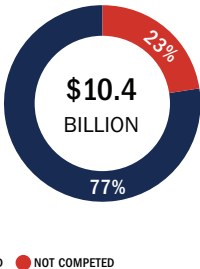
SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED



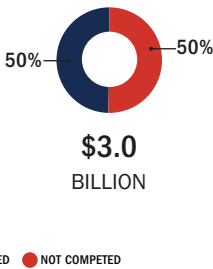
## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

**SERVICES REQUIRING MANAGEMENT ATTENTION**  
In FY 2015, over 20 percent of DHS’s service contract obligations, or \$2.2 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES

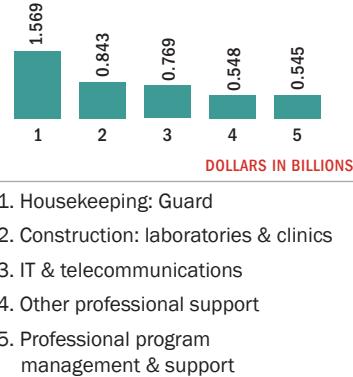


OBLIGATIONS AND COMPETITION  
PRODUCTS

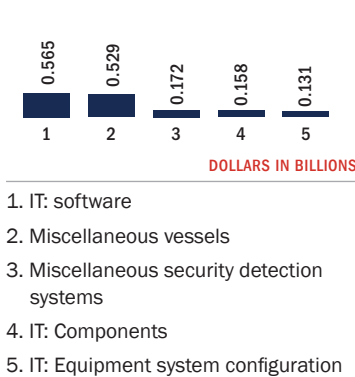


More than three quarters of DHS’s FY 2015 contract obligations were for services, and its top five services accounted for more than 40 percent of the department’s total obligations for services. Similarly, DHS’s top five products, which were largely information technology (IT) related, accounted for about half the department’s total obligations for products. DHS competed contracts for services more often than those for products, with more than 75 percent of all obligations for services competed.

TOP FIVE  
SERVICES



TOP FIVE  
PRODUCTS



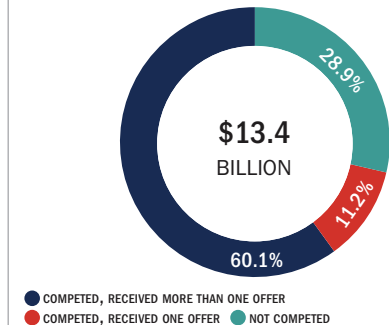
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

48 percent of DHS's FY 2015 obligations, or \$6.5 billion, were or contracts using commercial item procedures.

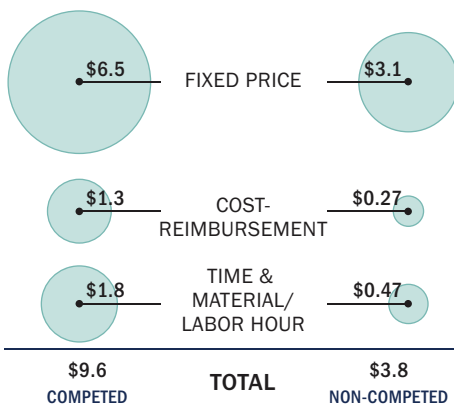
In FY 2015, 71 percent of DHS's obligations were awarded competitively, which represents an increase of about 3 percent from FY 2011, but remains below the average rate of 79 percent competed obligations for all civilian agencies. The DHS inspector general reports on DHS's grants and contracts awarded noncompetitively on an annual basis, and its most recent report noted improvements in its competition rates. Further, DHS awarded about 72 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

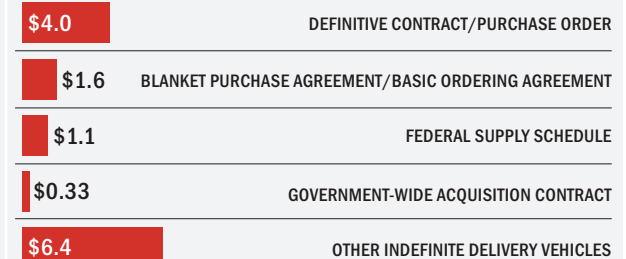
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$4 billion, or 29.9 percent, of DHS's contract obligations were on definitive contracts and purchase orders. The remainder, \$9.4 billion, or 70.3 percent, were on various types of indefinite delivery vehicles, which is a slight decrease from fiscal year 2011, when obligations on these contracts accounted for 71.4 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration noted that DHS exceeded its overall small business goal of 32 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, DHS awarded about \$13.9 billion of its FY 2015 obligations on small business eligible procurements. Just over 34 percent of those obligations were awarded to small businesses, an increase from 29 percent of eligible procurements in FY 2011. DHS tracks changes in small business spending for each strategic sourcing initiative, allowing it to measure the impact of its strategic sourcing efforts on small businesses.

### VENDOR TYPE SMALL BUSINESS

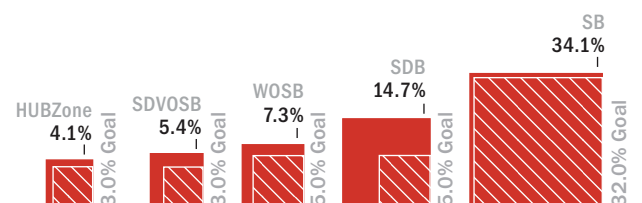
**\$4.6**  
DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$8.8**  
DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

#### TOP 10 VENDORS

FY 2015  
OBLIGATIONS BILLIONS

41.6% of \$8.8B

#### TOP 10 SMALL BUSINESS

16.1% of \$4.6B

Source: GAO analysis of Small Business Administration data.

GOAL ACTUAL



UNITED STATES

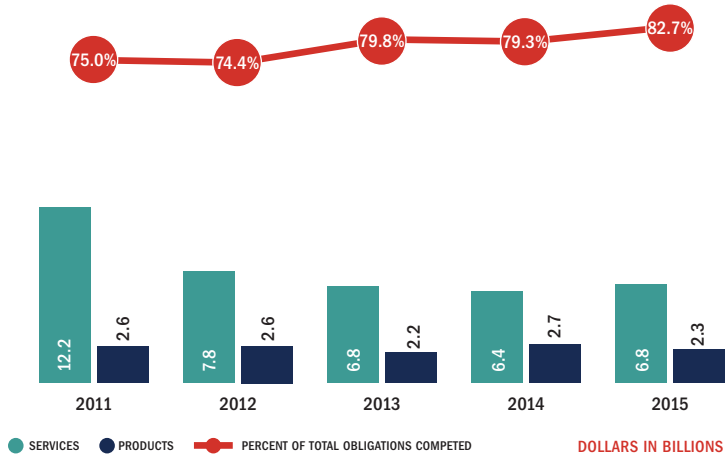
GENERAL SERVICES ADMINISTRATION

In fiscal year (FY) 2015, the General Services Administration (GSA) obligated \$9.2 billion on contracts.

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the government and the American people. The agency provides centralized procurement services for the federal government to obtain products and services from commercial vendors, helps federal agencies build and acquire office space, products and other workspace services, and oversees the preservation of historic federal properties. GSA delivers goods and services to its federal customers through 11 regional offices and headquarters. Sixteen services and staff offices support 22 programs, including the Federal Acquisition Service. Only 1 percent of GSA's total budget is provided through direct congressional appropriations, with most operating costs recovered through the products and services it provides.

TOTAL FY 2015 OBLIGATIONS  
\$9.2 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

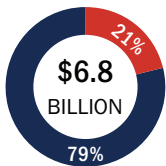


1

TYPES OF PRODUCTS AND SERVICES PROCURED

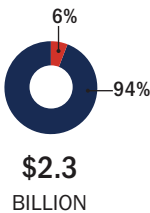
**SERVICES REQUIRING MANAGEMENT ATTENTION**  
In FY 2015, over 36 percent of GSA's service contract obligations, or \$2.5 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES



COMPETED NOT COMPETED

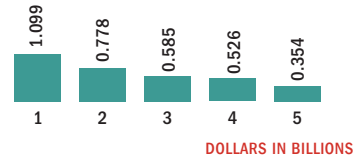
OBLIGATIONS AND COMPETITION  
PRODUCTS



COMPETED NOT COMPETED

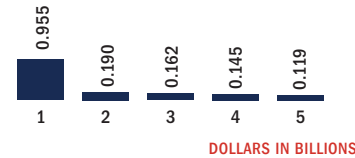
Almost three-quarters of GSA's FY 2015 contract obligations were for services, and its top five services accounted for nearly half of the agency's total obligations for services. GSA's top five products accounted almost 68 percent of the department's total obligations for products. GSA competed contracts for products more often than those for services, with about 94 percent of all obligations for products competed.

TOP FIVE  
SERVICES



- DOLLARS IN BILLIONS
- Other professional support
  - Repair or alteration of office buildings
  - Information technology (IT) & telecommunications
  - Construction of office buildings
  - IT: Systems development

TOP FIVE  
PRODUCTS



- DOLLARS IN BILLIONS
- Passenger motor vehicles
  - Trucks and truck tractors, wheeled
  - IT: Software
  - Chemical & pharmaceutical products manufacturing machinery
  - IT: Equipment system configuration

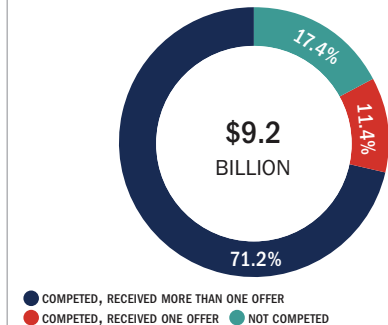
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 40 percent of GSA's FY 2015 obligations were for contracts using commercial item procedures.

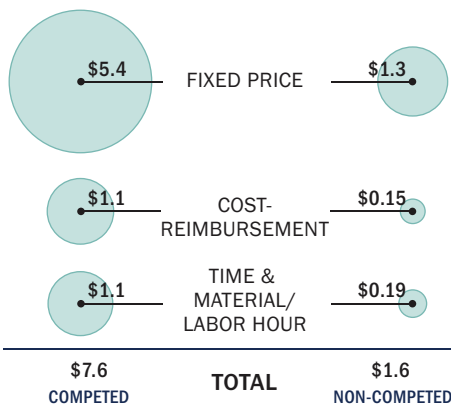
In FY 2015, nearly 83 percent of GSA's obligations were awarded competitively, which represents an increase of about 8 percent from FY 2011, and is above the rate of 79 percent competed obligations for all civilian agencies. Further, GSA awarded about 72 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

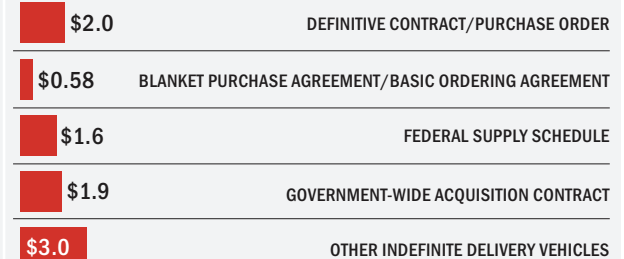
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$2 billion, or 22.2 percent, of GSA's contract obligations were on definitive contracts and purchase orders. The remainder, \$7.1 billion, or 77.6 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on these contracts accounted for 60 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration noted that GSA exceeded its overall small business goal of 32 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, GSA awarded over \$3.7 billion of its FY 2015 obligations on small business eligible procurements. About 44 percent of GSA's FY 2015 those obligations were awarded to small businesses, an increase from 38.8 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

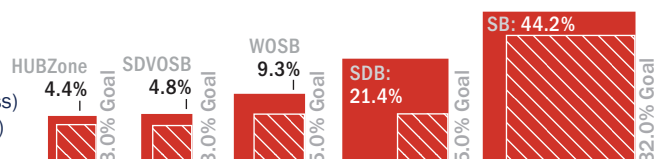
**\$3.0**  
DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$6.2**  
DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

	FY 2015 OBLIGATIONS	BILLIONS
TOP 10 VENDORS	44.4% of \$6.2B	
TOP 10 SMALL BUSINESS	12.6% of \$3.0B	

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL



UNITED STATES

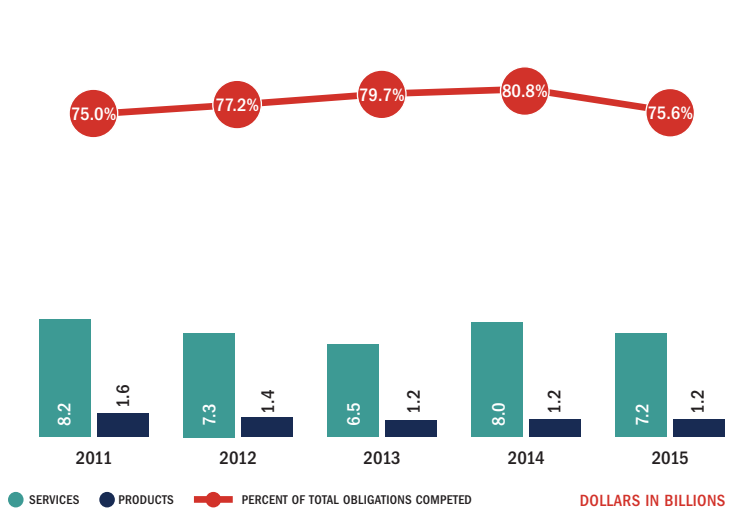
# DEPARTMENT OF STATE

In fiscal year (FY) 2015, the Department of State (State) obligated \$8.39 billion on contracts.

State’s mission, which it shares with the U.S. Agency for International Development (USAID), is to shape and sustain a peaceful, prosperous, just, and democratic world, and foster conditions for stability and progress for the benefit of the American people and people everywhere. State’s acquisition function is independent of USAID and spread across three headquarters offices, two regional procurement support offices, and, to a limited degree, the embassies and consulates worldwide. There are five divisions within the Office of Acquisition Management, including diplomatic security and facilities, design, and construction divisions.

TOTAL FY 2015 OBLIGATIONS  
\$8.4 BILLION

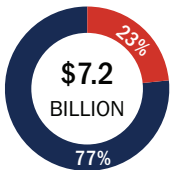
SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED



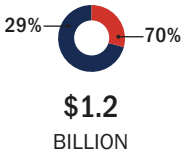
## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

**SERVICES REQUIRING MANAGEMENT ATTENTION**  
In FY 2015, over 25 percent of State’s service contract obligations, or \$1.8 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES

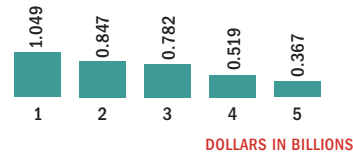


OBLIGATIONS AND COMPETITION  
PRODUCTS



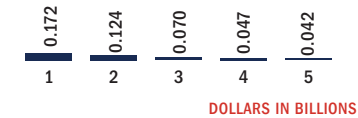
Most of State’s contracts are for the procurement of services, with less than 15 percent of the department’s FY 2015 contract obligations for products. Its top five services—including professional and management support as well as construction and guard services—accounted for nearly half of the department’s total obligations for services. State competed contracts for services and products at nearly the same rate, with more than 75 percent of all service obligations and 70 percent of all obligations for products from competed awards. In 2010, we found that State’s department-wide workforce plan generally did not address the extent to which contractors should be used to perform specific functions, such as contract and grants management.

TOP FIVE  
SERVICES



- 1. Professional program & management support
- 2. Construction of office buildings
- 3. Housekeeping; Guard
- 4. Information technology (IT) & telecommunications
- 5. Logistics management support

TOP FIVE  
PRODUCTS



- 1. IT: Software
- 2. IT: Components
- 3. Household furniture
- 4. Fuel oils
- 5. Telephone & telegraph equipment

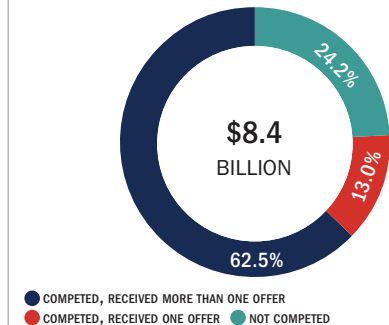
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

About 32 percent of State's FY 2015 obligations were for contracts using commercial item procedures.

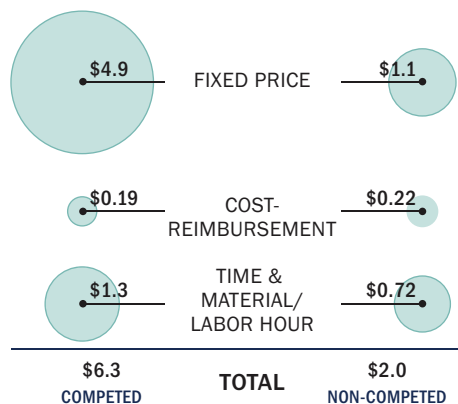
Although State's competition rate in FY 2015—just over 75 percent—was about the same as the FY 2011 rate, the department's competition rate increased to about 81 percent in fiscal year 2014. Overall, however, in FY 2015, State's competition rate was below the rate of 79 percent competed obligations for all civilian agencies. Further, State awarded about 71 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies. The department also achieved a higher rate of competition for its fixed price contracts than cost type contracts, about 82 percent and 44 percent, respectively.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$3.3 billion, or 39.3 percent, of State's contract obligations were on definitive contracts and purchase orders. The remainder, \$5.1 billion, or 60.5 percent, were on various types of indefinite delivery vehicles, which is a decrease from fiscal year 2011, when obligations on these contracts accounted for 63.7 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT

<b>\$3.3</b>	DEFINITIVE CONTRACT/PURCHASE ORDER
<b>\$0.57</b>	BLANKET PURCHASE AGREEMENT/BASIC ORDERING AGREEMENT
<b>\$0.35</b>	FEDERAL SUPPLY SCHEDULE
<b>\$0.6</b>	GOVERNMENT-WIDE ACQUISITION CONTRACT
<b>\$3.6</b>	OTHER INDEFINITE DELIVERY VEHICLES

DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration noted that State exceeded its overall small business goal of 39 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, State awarded over \$3.8 billion of its FY 2015 obligations on small business eligible procurements. About 44 percent of those obligations were awarded to small businesses, an increase from 34.3 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$2.2**  
DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$6.2**  
DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

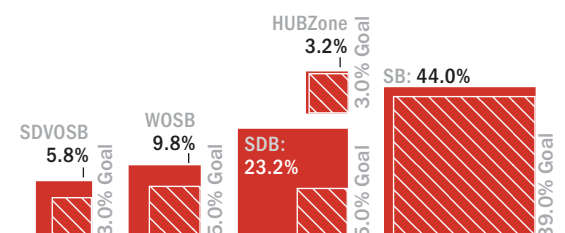
- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

### TOP VENDORS AND SMALL BUSINESSES

	FY 2015 OBLIGATIONS BILLIONS
TOP 10 VENDORS	49.6% of \$6.2B
TOP 10 SMALL BUSINESS	23.7% of \$2.2B

Source: GAO analysis of Small Business Administration data.

■ GOAL ■ ACTUAL



UNITED STATES

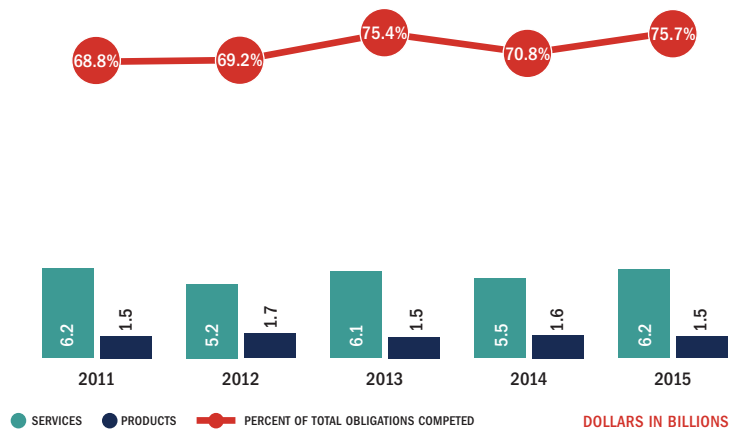
# DEPARTMENT OF JUSTICE

In fiscal year (FY) 2015, the Department of Justice (DOJ) obligated \$7.7 billion on contracts.

Every year, DOJ procures billions in goods and services in order to carry out its mission of preventing terrorism and promoting security, preventing crime and protecting the rights of the American people, and ensuring a fair, impartial, efficient, and transparent administration of justice. DOJ has nine components with procurement offices serving its approximately 40 separate component organizations. In the DOJ Inspector General’s (IG) 2015 annual report on the department’s top management challenges, the IG stated that contracts continue to present significant oversight and management challenges, specifically identifying the department’s use of high dollar contracts to run private-managed prisons as an area of significant exposure.

TOTAL FY 2015 OBLIGATIONS  
\$7.7 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

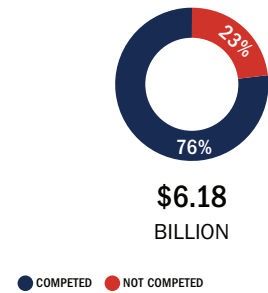


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

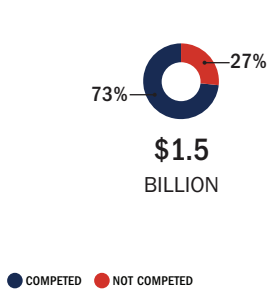
### SERVICES REQUIRING MANAGEMENT ATTENTION

In FY 2015, approximately 30 percent of DOJ’s service contract obligations, or \$1.8 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION  
SERVICES

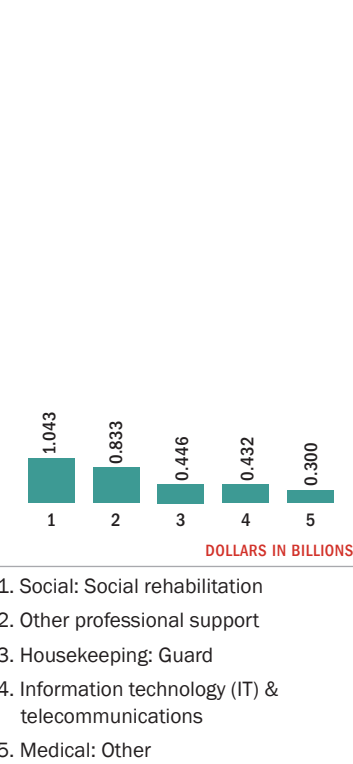


OBLIGATIONS AND COMPETITION  
PRODUCTS

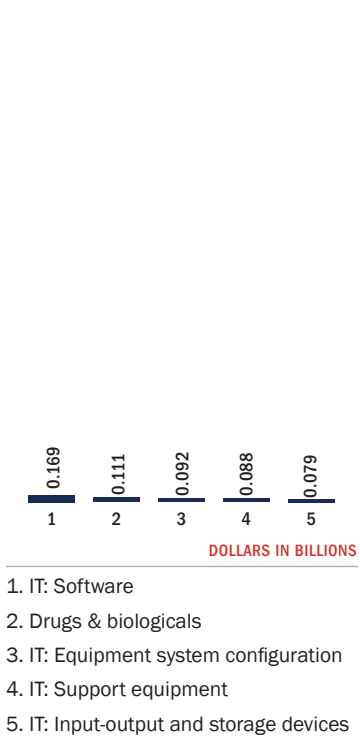


In FY 2015, more than 80 percent of DOJ’s contract obligations were for services, and its top five services accounted for more than 49 percent of the department’s total obligations for services. From FY 2011 to FY 2015, DOJ increased its spending on services requiring increased management attention by over \$450 million. DOJ’s top products, which were largely information technology-related, accounted for 36 percent of total obligations for products. DOJ competed contracts for services more often than those for products.

TOP FIVE  
SERVICES



TOP FIVE  
PRODUCTS



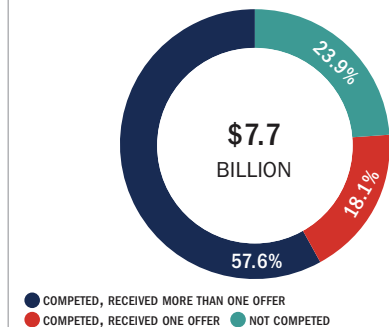
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

Almost half, or roughly \$3.8 billion, of DOJ's FY 2015 obligations were for contracts using commercial item procedures.

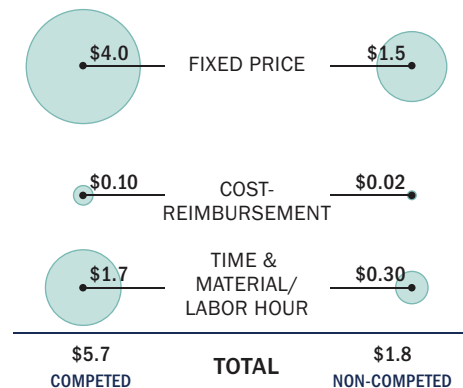
In FY 2015, over 75 percent of DOJ's obligations were awarded competitively, which is below the rate of 79 percent competed obligations for all civilian agencies. In 2012 and 2016, DOJ's IG reported on procurement deficiencies, such as failing to justify noncompetitive awards, which could result in requirements not being met in the most economical manner. DOJ awarded 71 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$2.5 billion, or 32.1 percent, of DOJ's contract obligations were on definitive contracts and purchase orders. The remainder, \$5.2 billion, or 67.3 percent, were on various types of indefinite delivery vehicles, which is a decrease from fiscal year 2011, when obligations on these contracts accounted for 70.6 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT

\$2.5	DEFINITIVE CONTRACT/PURCHASE ORDER
\$0.75	BLANKET PURCHASE AGREEMENT/BASIC ORDERING AGREEMENT
\$0.88	FEDERAL SUPPLY SCHEDULE
\$0.36	GOVERNMENT-WIDE ACQUISITION CONTRACT
\$3.2	OTHER INDEFINITE DELIVERY VEHICLES

DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration reported that DOJ exceeded its overall small business goal of 27.5 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, DOJ awarded over \$7 billion of its FY 2015 obligations on small business eligible procurements. Approximately 29.8 percent of those obligations were awarded to small businesses, an increase from 26.2 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

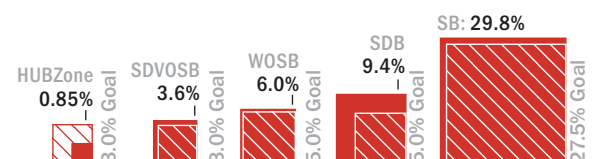
**\$2.1**  
DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$5.6**  
DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)



### TOP VENDORS AND SMALL BUSINESSES

TOP 10 VENDORS  
TOP 10 SMALL BUSINESS

FY 2015 OBLIGATIONS	BILLIONS
TOP 10 VENDORS	36.8% of \$5.6B
TOP 10 SMALL BUSINESS	18.9% of \$2.1B

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL

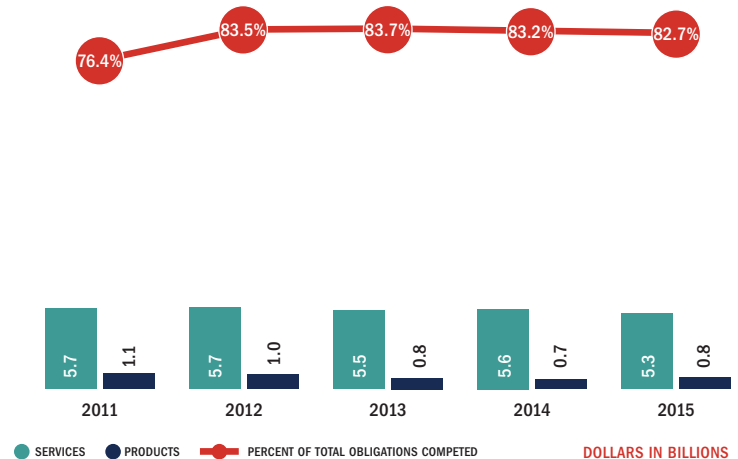
# DEPARTMENT OF TRANSPORTATION

In fiscal year (FY) 2015, the Department of Transportation (DOT) obligated \$6.1 billion on contracts.

Every year, DOT procures billions in goods and services in order to achieve its mission of ensuring a fast, safe, efficient, accessible and convenient transportation system that meets vital national interests and enhances the quality of life of the American people. DOT's Office of the Senior Procurement Executive (OSPE) is responsible for department-wide acquisition policy and oversight across 9 of its 10 operating administrations. One of the operating administrations, the Federal Aviation Agency (FAA), has independent procurement authority. In FY 2016, DOT's Inspector General (IG) identified FAA's management of contracts and acquisitions as a top management challenge.

TOTAL FY 2015 OBLIGATIONS  
**\$7.7 BILLION**

## SERVICES AND PRODUCTS OBLIGATIONS WITH PERCENT COMPLETED

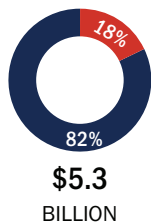


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

### SERVICES REQUIRING MANAGEMENT ATTENTION

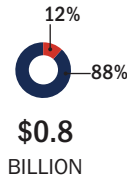
In FY 2015, over 30 percent of DOT's service contract obligations, or \$1.7 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

### OBLIGATIONS AND COMPETITION SERVICES



COMPETED NOT COMPETED

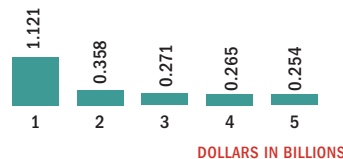
### OBLIGATIONS AND COMPETITION PRODUCTS



COMPETED NOT COMPETED

In FY 2015, more than 85 percent of DOT's contract obligations were for services, and its top five services accounted for more than 40 percent of the department's total obligations for services. In 2014, DOT's IG reviewed the department's spending on management support services and recommended that the OSPE and Chief Financial Officer develop a department-wide policy and comprehensive implementation plan to help DOT focus on its management support services spending and better manage its contracts. DOT's top products, which were largely radio and television communications equipment, accounted for more than 60 percent of total obligations for products. DOT competed contracts for products slightly more often than those for services.

### TOP FIVE SERVICES



DOLLARS IN BILLIONS

1. Prof. engineering & technical support
2. Construction: Roads & railways
3. Research and development: Management and support
4. Prof. program management & support
5. Operation of non-building facilities

### TOP FIVE PRODUCTS



DOLLARS IN BILLIONS

1. Radio & television communication equipment
2. Information technology (IT): Software
3. IT: Input-output and storage devices
4. IT: Equipment system configuration
5. Switches

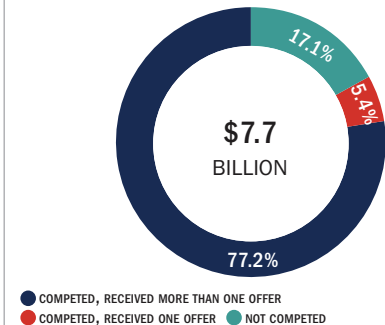
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEMS PROCEDURES

Approximately 16 percent, or roughly \$1.0 billion, of DOT's FY 2015 obligations were for contracts using commercial item procedures.

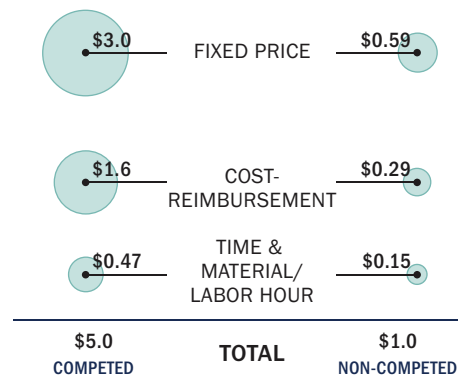
In FY 2015, 83 percent of DOT's obligations were awarded competitively, which is above the rate of 79 percent competed obligations for all civilian agencies. Further, DOT awarded 58 percent of its FY 2015 obligations on fixed price contracts, slightly above the average of 56 percent for all civilian agencies. In 2013, DOT's IG reported on DOT's use of cost-reimbursement contracts and recommended that the agency provide guidance to help acquisition personnel understand and properly implement FAR requirements for the use of cost-reimbursement awards. Also, in 2016, the IG recommended that the FAA reduce the use of sole source contracts by implementing a standardized process for identifying requirements that can be competed in the future.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$2.5 billion, or 40.7 percent, of DOT's contract obligations were on definitive contracts and purchase orders. The remainder, \$3.6 billion, or 59.2 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on these contracts accounted for 52.2 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT

<b>\$2.5</b>	DEFINITIVE CONTRACT/PURCHASE ORDER
<b>\$0.56</b>	BLANKET PURCHASE AGREEMENT/BASIC ORDERING AGREEMENT
<b>\$0.13</b>	FEDERAL SUPPLY SCHEDULE
<b>\$0.04</b>	GOVERNMENT-WIDE ACQUISITION CONTRACT
<b>\$2.86</b>	OTHER INDEFINITE DELIVERY VEHICLES

DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

### ■ SMALL BUSINESS GOAL MET

The Small Business Administration reported that DOT exceeded its overall small business goal of 44 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, DOT awarded over \$1.6 billion of its FY 2015 obligations on small business eligible procurements. Approximately 51 percent of those obligations were awarded to small businesses, an increase from 40.6 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$2.1**

DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$4.0**

DOLLARS IN BILLIONS

### SMALL BUSINESS PARTICIPATION PERCENTAGE

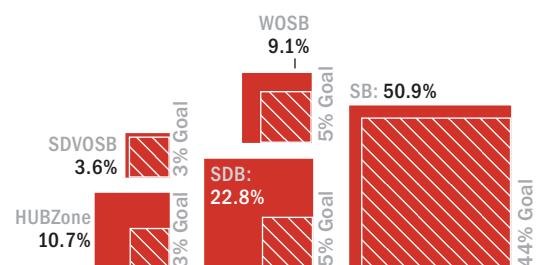
- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

### TOP VENDORS AND SMALL BUSINESSES

	FY 2015 OBLIGATIONS BILLIONS
TOP 10 VENDORS	54.6% of \$4.0B
TOP 10 SMALL BUSINESS	17.5% of \$2.1B

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL





UNITED STATES

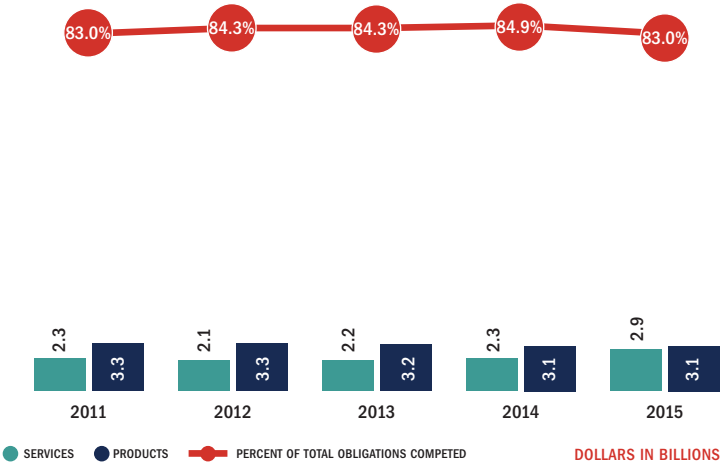
# DEPARTMENT OF AGRICULTURE

In fiscal year (FY) 2015, the Department of Agriculture (USDA) obligated \$6.1 billion on contracts.

USDA procures billions in goods and services annually in order to meet its missions, including ensuring that children have access to safe, nutritious, and balanced meals, and national forests and private lands are conserved, restored, and made resilient to climate change. USDA's contracting function is decentralized across 11 buying agencies serving more than 30 agencies and staff offices.

TOTAL FY 2015 OBLIGATIONS  
\$6.1 BILLION

SERVICES AND PRODUCTS OBLIGATIONS  
WITH PERCENT COMPLETED

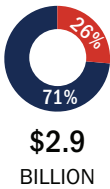


## 1 TYPES OF PRODUCTS AND SERVICES PROCURED

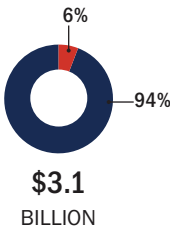
SERVICES REQUIRING MANAGEMENT ATTENTION

In FY 2015, over 15 percent of USDA's service contract obligations, or \$0.5 billion, were for services GAO and the Office of Federal Procurement Policy have identified as requiring increased management attention.

OBLIGATIONS AND COMPETITION SERVICES

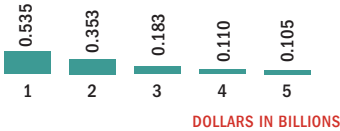


OBLIGATIONS AND COMPETITION PRODUCTS



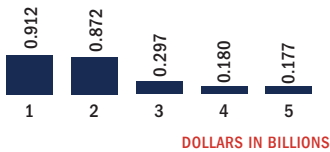
Just under half of USDA's FY 2015 contract obligations were for services, and its top five services accounted for more than 40 percent of the department's total obligations for services. In 2014, GAO reviewed professional, administrative, and management support services contracts at USDA and found that some of its components may not be able to fully assess the quality and timeliness of the services they receive because most of the contracts we reviewed did not contain necessary oversight mechanisms. USDA's top five products, which were largely food products such as meat, fruits, and dairy products, accounted for 78 percent of the department's total FY 2015 obligations for products. USDA competed contracts for products more often than those for services.

TOP FIVE SERVICES



- 1. Natural resources & conservation
- 2. Logistics management support
- 3. Information technology (IT) & telecommunications
- 4. IT: System development
- 5. Environmental systems protection

TOP FIVE PRODUCTS



- 1. Meat, poultry, and fish
- 2. Fruits and vegetables
- 3. Dairy foods and eggs
- 4. Bakery and cereal products
- 5. Miscellaneous crude agricultural and forestry products

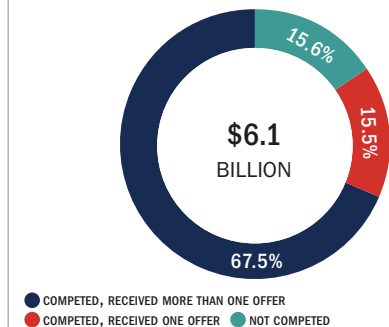
## 2 METHODS OF PROCUREMENT

### ■ USE OF COMMERCIAL ITEM PROCEDURES

Approximately 49 percent, or roughly \$3.0 billion, of USDA's FY 2015 obligations were for contracts using commercial item procedures.

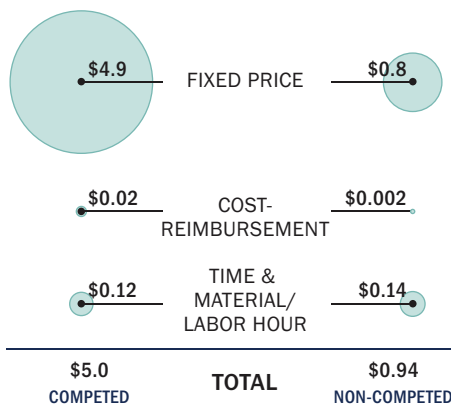
In FY 2015, 83 percent of USDA's obligations were awarded competitively, which is above the rate of 79 percent for all civilian agencies. Further, USDA awarded 95 percent of its FY 2015 obligations on fixed price contracts, above the average of 56 percent for all civilian agencies. USDA obligated roughly \$140 million, or 2 percent of total contract obligations, on noncompetitive, cost reimbursement and Time & Material/Labor Hour contracts; reflecting an increase of 100 percent from FY 2011 obligations on these types of contracts. USDA's inspector general (IG) previously found that some contracts may not have been awarded in a way that met the agency's needs in the most effective, economical, and timely manner due to improper contracting methods and inadequate acquisition documentation.

### OBLIGATIONS AND COMPETITION OVERALL COMPETITION RATE



### CONTRACT TYPE

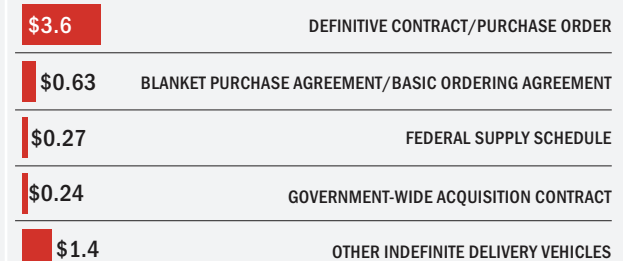
DOLLARS IN BILLIONS



### CONTRACT TYPE

In FY 2015, \$3.6 billion, or 59 percent, of USDA's contract obligations were on definitive contracts and purchase orders. The remainder, \$2.5 billion, or 41 percent, were on various types of indefinite delivery vehicles, which is an increase from fiscal year 2011, when obligations on these contracts accounted for 34.4 percent of total obligations.

### TYPE OF CONTRACT VEHICLE FY 2015 OBLIGATED AMOUNT



DOLLARS IN BILLIONS

## 3 CONTRACTOR DETAIL

■ **SMALL BUSINESS GOAL NOT MET**  
The Small Business Administration reported that USDA did not achieve its overall small business goal of 53 percent in FY 2015.

According to the Small Business Administration's FY 2015 scorecard, USDA awarded almost \$6.3 billion of its FY 2015 obligations on small business eligible procurements. Approximately 50 percent of those obligations were awarded to small businesses, a decrease from 52.4 percent of eligible procurements in FY 2011.

### VENDOR TYPE SMALL BUSINESS

**\$3.1**  
DOLLARS IN BILLIONS

### VENDOR TYPE OTHER THAN SMALL BUSINESS

**\$2.9**  
DOLLARS IN BILLIONS

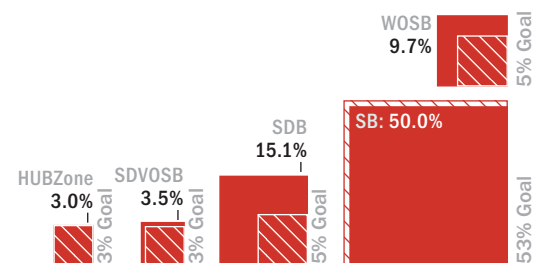
### SMALL BUSINESS PARTICIPATION PERCENTAGE

- HUBZone (Historically Underutilized Business Zone)
- SDVOSB (Service-disabled Veteran-owned Small Business)
- WOSB (Women-owned Small Business)
- SDB (Small Disadvantaged Business)
- SB (Small Business)

TOP VENDORS AND SMALL BUSINESSES	FY 2015 OBLIGATIONS BILLIONS
TOP 10 VENDORS	38.9% of \$2.9B
TOP 10 SMALL BUSINESS	18.0% of \$3.1B

Source: GAO analysis of Small Business Administration data.

□ GOAL ■ ACTUAL





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## Agency Comments

We provided a draft of this report to the Department of Defense, the Office of Federal Procurement Policy within the Office of Management and Budget, and the General Services Administration for their review and comment. The Department of Defense and the General Services Administration had no comment. The Office of Federal Procurement Policy had technical comments, which we incorporated as appropriate.

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We are sending copies to appropriate congressional committees, the Secretary of Defense, the Administrators of OMB and GSA, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841 or by e-mail at [woodsw@gao.gov](mailto:woodsw@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix II.



William T. Woods  
Director  
Acquisition and Sourcing Management

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*List of Addressees*

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The Honorable Claire McCaskill  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Jason Chaffetz  
Chairman  
The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
House of Representatives

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# Appendix I: Objectives, Scope and Methodology

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This report addresses defense and civilian agency trends in contracting. The objectives are to determine (1) the kinds of products and services acquired; (2) the levels of competition for products and services; (3) the use of various procurement methods and contract types; and (4) the types of vendors providing products and services. Our government-wide analysis includes all federal agencies reporting to the Federal Procurement Data System-Next Generation (FPDS-NG) and covers the 5-year-period from fiscal years 2011 through 2015, the last year for which complete data were available at the time of our review.<sup>1</sup> In addition, we developed snapshots of procurement activity for the three military departments—the Air Force, Army, and Navy—and the 10 civilian agencies with the highest obligations for contracts during fiscal year 2015.

To identify trends in defense and civilian agencies' contract obligations, we analyzed data from the FPDS-NG archive files for fiscal years 2011 through 2015, which is the government's procurement database.<sup>2</sup> Unless otherwise noted, all data in the report are reflected in constant fiscal year 2015 dollars. We include specific agency data on the three military departments and the ten civilian agencies with the highest contract obligations in fiscal year 2015 in our agency snapshots.

To identify procurement trends by fiscal year, we selected data elements from FPDS-NG that would provide information on contracting actions, including contract type, amount obligated, the types of products or services purchased, and various vendor characteristics. We determined that these elements reflect data relevant to key issues and trends identified in prior GAO reports or that provide basic information valuable to understanding an agency's procurement trends. We conducted both government-wide and agency-level analyses.

We assessed the reliability of FPDS-NG data by (1) performing electronic testing of selected data elements, and (2) reviewing existing information about the FPDS-NG system and the data it produces. Specifically, we reviewed the data dictionary, data validation rules, and the Federal Government Procurement Data Quality Summary Fiscal Year 2015 For Agency Data in the Federal Procurement Data System. We determined

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<sup>1</sup>The complete fiscal year 2016 data set was not available at the time of our review, in part because the Department of Defense delays public availability of the data for 90 days.

<sup>2</sup>We downloaded the archive files for fiscal years 2011 through 2015 in October 2013, November 2014, March 2015, and March 2016.

the FPDS-NG data were sufficiently reliable for the purposes of this report.

Table 3 provides additional information on the data elements we assessed at the government-wide and agency levels.

**Table 3: Information on FPDS-NG Data Elements Assessed**

Category/description	Comments
<b>What are federal agencies procuring?</b>	
Spending on Products and Services, fiscal years 2011 through 2015	To determine the total amount obligated for products and services, we obtained the total amount obligated for contracts on products and services from fiscal year 2011 through fiscal year 2015. Services consisted of the 23 service categories identified in FPDS-NG, as well as construction and research and development. Products reflected all other FPDS-NG-required reporting categories.
Top Products and Services in fiscal year 2015	To determine the top products and services by obligation amount, we used FPDS-NG data that identified how much agencies obligated on specific products and services in fiscal year 2015. We identified the five types of products and services with the highest obligations during fiscal year 2015.
Services requiring increased management attention, fiscal years 2011 through 2015	To determine the extent to which agencies procured services that require increased management attention, we used FPDS-NG data for specific product service codes the Office of Management and Budget's Office of Federal Procurement Policy (OFPP) and GAO identified as services requiring increased management attention. Specifically, we selected 19 service codes including the special interest codes from OFPP's 2010 civilian agency service contract inventory guidance, codes from OFPP's 2011 memorandum to reduce contract spending for management support services, and two product service codes that GAO recommended OFPP add to the special interest codes.
<b>What competition rates are federal agencies achieving?</b>	
Competition, fiscal years 2011 through 2015	<p>For the purposes of this report, we defined noncompetitive obligations to include obligations through contracts that were awarded using the exceptions to full and open competition listed in Federal Acquisition Regulation (FAR) Subpart 6.3 (Other than Full and Open Competition). We also included noncompetitive orders issued under multiple award indefinite delivery/indefinite quantity contracts or under the General Service Administration's schedules program. For competitive contract actions, we included contracts and orders coded as "full and open competition," "full and open after exclusion of sources," and "competed under simplified acquisition procedures" as well as orders coded as "subject to fair opportunity" and as "fair opportunity given," and "competitive set aside." For noncompetitive contract actions, we included contracts and orders coded as "not competed," "not available for competition," and "not competed under simplified acquisition procedures," as well as orders coded as an exception to "subject to fair opportunity," including "urgency," "only one source," "minimum guarantee," "follow-on action following competitive initial action," "other statutory authority," and "sole source." We calculated competition rates as the percentage of obligations on competitive contracts and orders over all obligations on contracts and orders annually.</p> <p>We also calculated the extent to which obligations were competitively awarded for products and services.</p>

Category/description	Comments
Obligations under competed contracts for which agencies received one bid, fiscal year 2015	We used FPDS-NG data for fiscal year 2015 to identify how much agencies obligated under contracts that were awarded competitively and agencies received only one offer. We calculated this as the percentage of obligations on competitive contracts and orders for which agencies received only one offer over all obligations on competed contracts and orders in fiscal year 2015.
<b>What procurement methods are federal agencies using?</b>	
Contract Type, fiscal years 2011 through 2015	To determine the contract types used, we obtained FPDS-NG data to identify the total amounts obligated on four principal types of contracts in fiscal years 2011 through 2015. These types are: (1) firm fixed price contracts; (2) other fixed price contracts, which include, fixed-price-economic price adjustment, and fixed-price incentive; (3) cost-reimbursable, which include cost-plus award fee, cost-no fee, cost sharing, cost-plus fixed fee, and cost-plus incentive fee; and (4) labor hours/time and material contracts.
Contract Type by competition, fiscal years 2011 through 2015	To determine the extent to which different contract types were awarded competitively, we obtained FPDS-NG data to identify the total amounts obligated on four contract types listed above and determined whether they were competed or not competed, as outlined in the competition section above.
Indefinite Delivery Vehicle (IDV) Type, fiscal years 2011 through 2015	To determine the type of contract vehicle used, we obtained data from FPDS-NG to identify the total amounts obligated on two types of definitive vehicles—definitive contracts and purchase orders—and five types of indefinite delivery vehicles in fiscal years 2011 through 2015. The types of indefinite delivery vehicles are: (1) orders under the Federal Supply Schedule; (2) Blanket Purchase Agreements; (3) Basic Ordering Agreements; (4) Government-wide Acquisition Contracts; and (5) Other indefinite delivery vehicles, such as indefinite delivery, indefinite quantity contracts.
Commercial Item Procedures, fiscal year 2015	To determine the extent to which commercial item procedures were used, we obtained data from FPDS-NG obligations under contracts that were identified as having used FAR Part 12 procedures to acquire commercial items.
<b>What types of vendors are providing products and services?</b>	
Vendor Type, fiscal years 2011 through 2015	To determine the amount obligated to various types of vendors, we obtained FPDS-NG data for fiscal years 2011 through 2015 for small business and other than small business vendors.
Top Vendors, fiscal year 2015	We used the FPDS-NG generated report on top 100 vendors for fiscal year 2015 to determine the amount obligated to the top vendors.
Top Small Business Vendors, fiscal year 2015	To determine the top small business vendors, we obtained FPDS-NG data on obligations for contracts awarded to small businesses by unique Dun & Bradstreet (DUNS) number.

Source: GAO analysis of Federal Procurement Data System-Next Generation (FPDS-NG) data elements. | GAO-17-244SP

To determine the extent to which DOD and civilian agencies met small business goals, we used the Small Business Administration’s small business scorecard reports from fiscal years 2011 and 2015. For the military department snapshots, we relied on data their small business offices reported for fiscal year 2015.

We also reviewed GAO and agency Inspectors General reports that identified procurement-related issues relevant to the variables we reviewed, such as trends in the rate of competition or use of certain contract types.

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We conducted this performance audit March 2016 to March 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: GAO Contact and Staff Acknowledgments

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## GAO Contact

William T. Woods, (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Tatiana Winger (Assistant Director), Stephanie M. Gustafson, Julia Kennon, Caryn E. Kuebler, Matthew T. Lowney, Elizabeth Reed Fritts, Roxanna T. Sun, and Alyssa Weir made key contributions to this report.

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